

2004-05

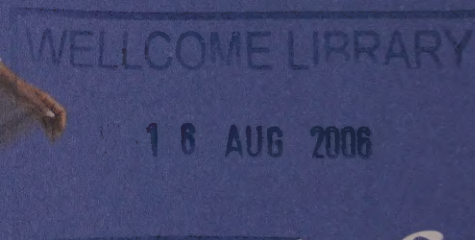
Annual review

# Changing the



# of higher education

ANNUAL  
REPORT

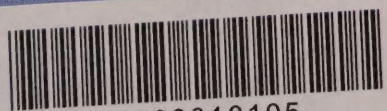
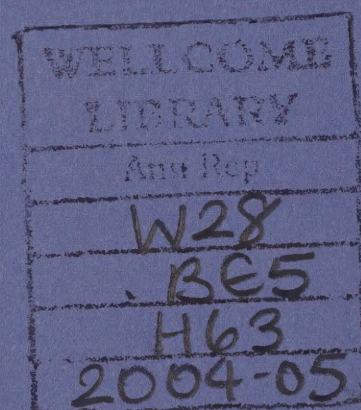


HIGHER EDUCATION  
FUNDING COUNCIL *hefce* FOR ENGLAND



Our mission:

**Working in partnership, we promote and fund high-quality, cost-effective teaching and research, meeting the diverse needs of students, the economy and society.**



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# HEFCE annual review 2004-05

This document outlines HEFCE's role and activities, reviews achievements in the 2004-05 financial year, and provides a summary of our annual accounts. Decisions made during the year have determined the funding allocations to universities and colleges for 2005-06.



## Achievements and challenges

David Young, Chairman

## Securing the public interest

Sir Howard Newby, Chief Executive

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## Core strategic aims

**Learning and teaching:** Focusing on the student

**Widening participation:** Striving for fairer access

**Research:** Innovative insights

**Business and community links:** Benefiting the economy and society

## Supporting aims

**Building on institutions' strengths:** Strategic developments

**Leadership, governance and management:** Meeting the challenges

**Excellence in delivery:** Continuous improvements

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Organisational structure

Progress against key performance targets

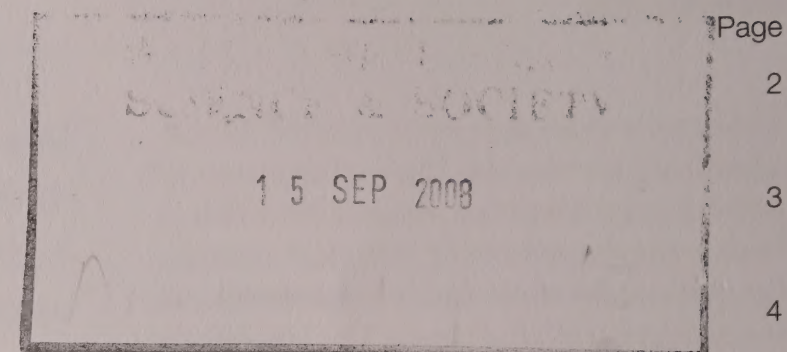
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David Young, Chairman

# Achievements and challenges

The key event in the period covered by this annual review was the Higher Education Bill gaining royal assent on 1 July 2004. This both capped a politically turbulent period for higher education and foreshadowed some significant challenges. The HE Bill also provides the backdrop for the work of HEFCE described in this annual review, and the goals we have sought to achieve.

In March we announced the distribution of the 2005-06 recurrent grant to 130 higher education institutions, and 152 further education colleges. Our main objective was to provide stability and greater financial security as the higher education sector prepares for the introduction of variable fees in 2006-07.

We have also begun thinking about the implications of this change in terms of the purpose of public funding, the role of the funding council and the future shape of higher education. We discussed these issues with heads of universities and colleges at our annual conference in April at St Anne's College, Oxford. The HEFCE Board will now take forward these discussions as we develop our strategic plan for 2006-11, engaging with wider groups of stakeholders including regional partners and employers.

**We look forward to working with the Government to ensure higher education has the resources and policies to remain a major driver of social and economic development in our national life. We need to ensure that higher education receives its fair and deserved share of public funding.**

We are continuing our work from a good base. In January we were able to announce £1,453 million in capital funding allocations to higher education institutions for 2006-08, representing the most substantial capital funding announcement in recent years. We are also putting substantially more money into research, in keeping with the Government's commitment to strengthen the research base through the dual support system.

As we move forward, two commitments remain at the top of our agenda. While welcoming the promising start made by

Sir Martin Harris and his team at the Office for Fair Access in securing funds for bursaries and outreach activities, we remain committed to working in partnership to increase and widen the participation of all students with the potential to benefit from higher education. The research report we published in January 2005 shows that this is still one of the biggest challenges facing the sector. Secondly, we must ensure that the unit of funding per student is not reduced in real terms – because to do so would be to sell all students a false prospectus.

Our final achievement outlined in this review is the successful delivery of commitments in the Government's White Paper 'The future of higher education'. Here, as in other areas, I must pay particular tribute to the professionalism and dedication of HEFCE staff, as well as of the Board and committees and groups that support our work.





Sir Howard Newby, Chief Executive

# Securing the public interest

Higher education has come through a period of intense debate and public scrutiny with its reputation strengthened. Public respect is high. We must build on this position as we move forward if we are to maintain and increase investment.

While the £3,000 cap on student fees may limit the effects of market forces, the introduction of a significant new funding stream is already influencing the behaviour of universities and colleges. Overall we may have a stable funding system, but there is likely to be volatility and uncertainty as institutions come to terms with the new economic landscape. When variable fees are introduced, one of the most important roles of the funding council will be to retain public confidence and manage the transition in a reasonably stable way.

Within this context, public confidence and public engagement will be of paramount importance. As institutions seek to develop their brands and build on their strengths, there will be an increasing need to look after the public interest. Although we have a strong and diverse higher education system that is respected across the world, the aspirations and goals of 130 institutions do not necessarily add up to meeting national or even regional interests.

**The higher education landscape is gradually changing. New partnerships are being developed in areas such as Cornwall, Cumbria, Suffolk, Barnsley and Oldham to bring higher education to areas previously lacking the resources of a local university.**

Just over 60 per cent of our funding is allocated to support teaching and learning, and we are currently reviewing how this funding should be deployed in the future to ensure that all students – whether full-time, part-time or work-based – benefit from a high quality learning experience. We are working with a range of partners, including the National Union of Students, to provide all prospective students with better information, including the outcomes of the first ever national student survey to be launched in September.

There is another aspect to the public interest which has been the subject of wider debate. There is an expectation that certain subjects

should continue to be taught even where student demand has declined. Regional access to chemistry was the subject of media attention last year, but many subjects may face similar challenges. In the public interest we have to find solutions which maintain access to such subjects without an expectation that they will be provided by all institutions.

These are some of the issues which we must tackle – in consultation with all our stakeholders – over the coming year and beyond. We will continue to work with our partners to ensure that we do so in a way which reduces the burden of accountability. In the meantime, I hope you will read this review and see the extent to which we are already working to secure that public interest.



# What does HEFCE do?

The Higher Education Funding Council for England (HEFCE) distributes public money to universities and colleges in England that provide higher education.

In 2005-06 we will allocate £6.3 billion in public funds. Most of this will go to the 130 universities and higher education colleges in England. We do not provide grants or loans for individual students. Some HEFCE funds support higher education courses in 152 directly-funded further education colleges, but the main funding body for further education is the Learning and Skills Council. Grants for universities and colleges in Scotland, Wales and Northern Ireland are allocated by their own funding bodies.

Our funds support four main areas of activity by institutions, which are reflected in our strategic aims (see box) and in the Government's White Paper, 'The future of higher education'.

HEFCE was set up by the Government in 1992 as a 'non-departmental public body'. This means that we work within a policy framework set by the Secretary of State for Education and Skills, but we are not part of the Department for Education and Skills. We have distinct statutory duties that are free from direct political control.

## Other responsibilities for HEFCE

- Accountability for proper use of public money, and ensuring the sector is financially healthy and well managed.
- Providing **independent advice** to Government on the funding needs and development of higher education.
- Ensuring that the quality of learning and teaching is **assessed**.
- Identifying and disseminating **good practice**.
- Contributing to **policy** development, based on research.

## Underlying principles

- Working in **partnership**, and with a commitment to consulting our stakeholders.
- **Transparency** in our policies and funding methods.
- Minimising **administration** costs for institutions.
- High **standards** of service.

## HEFCE's core strategic aims

Widening participation and fair access

Enhancing excellence in learning and teaching

Enhancing excellence in research

Enhancing the contribution of HE to the economy and society

## Cross-cutting aims

Building on institutions' strengths

Developing leadership, governance and management

Excellence in delivery



# Focusing on the student

We seek to ensure that every student benefits from a good education through the highest quality of teaching and the best possible facilities and opportunities to learn.

We support good learning and teaching by allocating two-thirds of our funding for this purpose (£4,527 million in 2005-06), and through special programmes aimed at enhancing students' learning experience. We also provide students with the information they need to make informed decisions about what and where to study.

## Centres for excellence

Our largest single funding initiative in learning and teaching was launched in 2004-05. We announced £315 million over five years for 74 Centres for Excellence in Teaching and Learning (CETLs), following 259 applications from higher education institutions and the larger further education colleges.

The new centres – 19 of which involve several universities and colleges working together in collaborative arrangements – will be at the cutting edge of their subjects and approaches to student learning, promoting innovation, and recognising and rewarding excellent standards in learning and teaching.

Four CETLs demonstrate the range of partnerships and professional activities covered by this initiative. A health partnership links the University of Central England in Birmingham with the city's children's hospital to improve training in nursing, speech therapy, radiography and social work. The University of Plymouth is collaborating with local further education colleges to improve access to HE. The CETL at Harper Adams University College is working closely with the rural professions. And a partnership of North East universities and colleges will focus on contemporary music culture.

[www.hefce.ac.uk/learning/TInits/cetl](http://www.hefce.ac.uk/learning/TInits/cetl)

## High quality teaching

The Higher Education Academy began operating in 2004. It works with universities and colleges, discipline groups and individual staff to help them deliver the best possible learning experience for students.

The academy supports institutions in their teaching and learning strategies; leads research and evaluation to improve the quality of students' experiences; and assists the professional development and recognition of all staff in higher education. Key features of the academy include its network of 24 subject centres providing discipline-based support for learning and

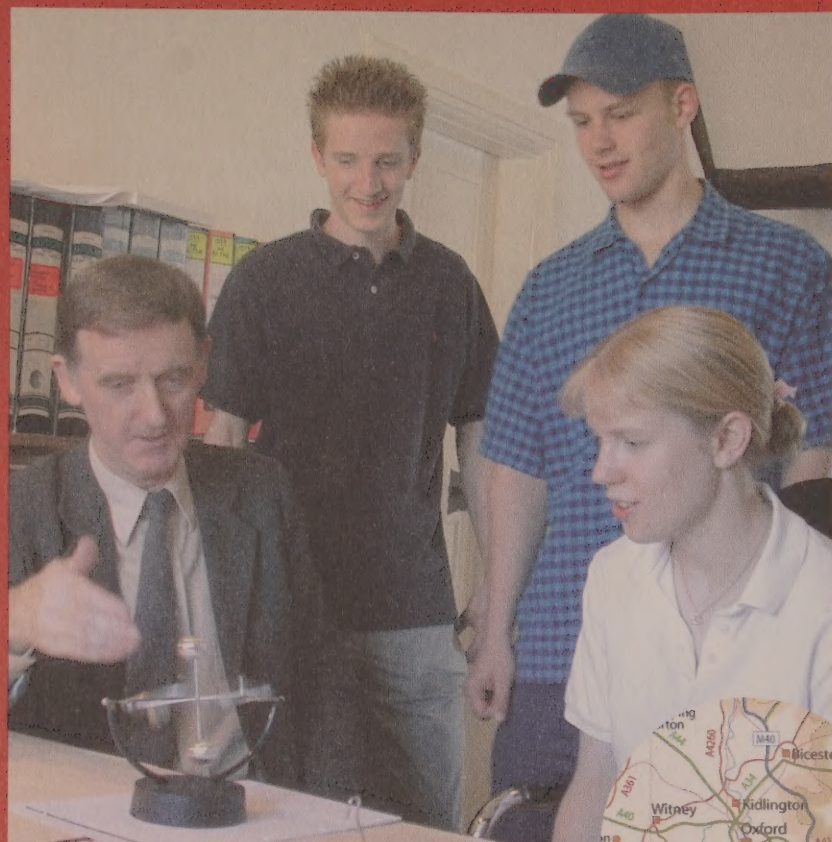


## Better treatment

Second year medical students at the University of Bristol recording the blood pressure, heart rate and breathing parameters of one of their classmates will also be able to use computer-controlled human manikins in future. Bristol's new Applied and Integrated Medical Sciences (AIMS) Centre for Excellence in Teaching and Learning, supported by HEFCE, will develop teaching in anatomy, physiology and pharmacology with state-of-the-art materials. A new web-based library of histology and pathology teaching materials will also be created. AIMS is one of 74 such centres which are receiving HEFCE funding.



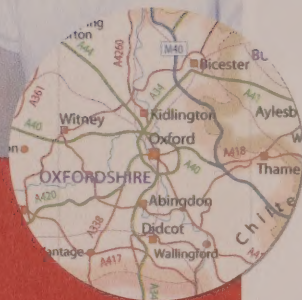




## Top of the class

Dr David Acheson (pictured here with some of his students), a Fellow in Mathematics at Jesus College Oxford, has received a £50,000 award from the National Teaching Fellowship Scheme with which he hopes to publish an inspirational and accessible book and interactive web resources for new students. Dr Acheson is renowned for his innovative teaching methods and lectures, as well as an acclaimed web-site. HEFCE helps to fund the awards scheme, which is now administered by the Higher Education Academy. Fifty Fellowships are awarded each year, to a mix of experienced staff, rising stars and learning support staff.

[www.ntfs.ac.uk](http://www.ntfs.ac.uk)



## Learning and teaching

teaching, and its co-operative activities with groups such as the Quality Assurance Agency and the Leadership Foundation for Higher Education.

The academy is a company owned by the sector's representative bodies – Universities UK and the Standing Conference of Principals. Jointly with contributions from the other UK funding bodies, we provide £14 million towards the running of the academy.

[www.heacademy.ac.uk](http://www.heacademy.ac.uk)

## Assuring standards

As well as enhancing the quality of the teaching we fund, we have to ensure that it is assessed. Assessments are carried out by the Quality Assurance Agency for Higher Education (QAA).

Each institution must have procedures to set, maintain and review its own quality and standards; and to provide information on the web for the benefit of students and employers. Audits by the QAA ensure that these procedures are effective and that the information is useful, reliable and up to date.

[www.qaa.ac.uk](http://www.qaa.ac.uk)

## Expanding student choice

Different types of courses and ways of learning continue to be developed to meet students' needs.

We have supported the development of foundation degrees, which are now available in 22 vocationally oriented subject areas,

## e-Learning Research Centre

The e-Learning Research Centre was founded in 2003 and is run from the Higher Education Academy and the Universities of Manchester and Southampton. The centre undertakes research in e-learning, with a focus on integrating e-learning into mainstream higher education programmes. The academy will disseminate its research findings to the sector. Key activities include defining e-learning processes and understanding how they contribute to enhancing learning and teaching.

from art and design to veterinary nursing. The foundation degree brand has become more established in 2004-05, supported by Foundation Degree Forward. Nearly 38,000 students enrolled on foundation degree courses in 2004-05, and a significant proportion of the extra 26,000 student places to be created in 2005-06 will be for foundation degrees.

[www.fdf.ac.uk](http://www.fdf.ac.uk)

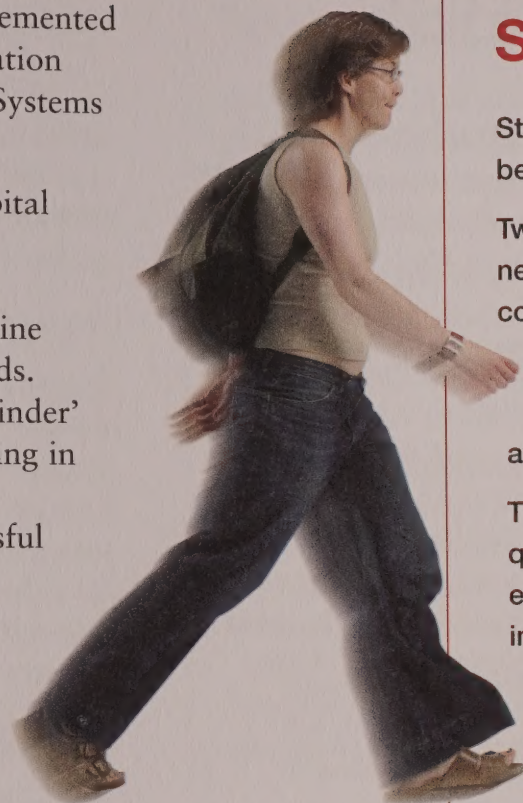
## Learning online

The e-University was wound-up in 2004-05, with a commitment to learn and disseminate lessons from its experience. We will continue to support e-learning in individual institutions as part of a new ten-year



strategy to integrate e-learning into higher education. The strategy is being implemented in partnership with the Higher Education Academy and the Joint Information Systems Committee.

We have provided £33 million of capital funding for 2005-06, distributed by formula, to support investment in e-learning in a way which blends online and more traditional learning methods. A further £8 million will fund 'pathfinder' projects which aim to embed e-learning in institutions individually or through collaboration, and to provide successful case studies. Innovative projects including eChina and the e-Learning Research Centre continue to receive our support.



## Student voice

Students now have more say in improving the quality of courses – and better information to help them choose the best options.

Two new developments are helping students to get better information: a new teaching quality information web-site, and the first ever comprehensive national student survey giving feedback on the quality of courses.

The web-site will contain key statistics and reports on every course at all UK universities and HE colleges from summer 2005.

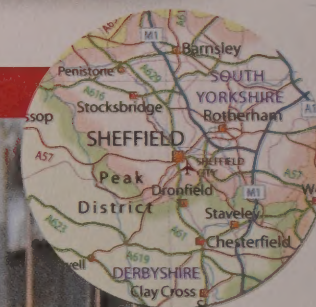
This will include detailed quantitative data on students' entry qualifications, progression, completion of awards and subsequent employment; together with qualitative reports provided by the institutions themselves.

[www.tqi.ac.uk](http://www.tqi.ac.uk)

[www.thestudentsurvey.com](http://www.thestudentsurvey.com)

## On the right track

The national rail industry foundation degree course at Sheffield Hallam University has attracted 26 full-time and 36-part-time students in its first year. The course has been developed to respond to the needs of the railway industry, which requires over 600 new technicians and engineers annually. Full-time students are sponsored by industry, receiving around £7,000 a year. The course, which attracts students who are already in the sector and those seeking to join the rail industry, is run in partnership with leading rail industry firms including Network Rail, Grant Rail, Balfour Beatty, London Underground and Jarvis Rail.





# Striving for fairer access

Ensuring that everyone can benefit from higher education, if they have the potential to do so, is still one of the greatest challenges facing universities and colleges. The research study we published in January 2005 shows that the most advantaged fifth of young people are up to six times more likely to enter higher education than the least advantaged fifth.

Our ground-breaking report 'Young participation in higher education' looks at participation rates for young people, for small areas across the country, using data from 1994 to 2000. It shows deep and persistent differences in who goes to university, depending on where they live.

The report builds on HEFCE's first measurement of participation rates in 1997, which led to us setting up funds to support widening participation in HE.

## Working with institutions and partnerships

Universities and colleges will receive £280 million to support their widening participation work in 2005-06. That money typically pays for extra teaching support or advisory services for students, to help them successfully complete their courses. It also supports outreach work with local schools and colleges, to encourage pupils to aim for

university. The maps of participation rates that we published on the web have enabled institutions to target the most disadvantaged areas.

[www.polar.ac.uk](http://www.polar.ac.uk)

A further £29 million a year is being distributed through Aimhigher – a joint initiative with the DfES. Aimhigher supports hundreds of national and regional initiatives, many focused on young people before they take their GCSEs, and offers residential and non-residential summer schools across the country to give them a taste of university life.

[www.aimhigher.ac.uk](http://www.aimhigher.ac.uk)

## First principles

'Professor Fluffy' is turning young minds onto higher education in Liverpool. The purple professor is part of an Aimhigher initiative with 1,500 nine and ten year-olds in 50 primary schools throughout Merseyside. Developed by the University of Liverpool, the project works with all the region's further and higher education colleges to break down barriers to participation in HE from an early age. University students visit primary schools. The children then visit a campus where they join Professor Fluffy in activities, mini lectures and a 'graduation ceremony'. Pictured are Year 5 pupils from Roberts Primary School, Bootle, Sefton.





## Links with further education

While 95 per cent of successful A-level students enter higher education, less than half of those with the equivalent Level 3 vocational qualifications, often gained at further education colleges, do so. Thus links between further and higher education are crucial to widening participation.

Lifelong Learning Networks – linking HE and FE – are helping to improve progression for vocational learners into, and through, higher education. Three projects – in Sussex, Manchester and York – have been supported in 2004-05, with approval for up to 15 more due in 2005-06.

[www.hefce.ac.uk/widen/lln](http://www.hefce.ac.uk/widen/lln)

## Fees and widening participation

To safeguard fair access to higher education when variable tuition fees are introduced in 2006-07, the Office for Fair Access (OFFA) was established in October 2004. OFFA has approved 'access agreements' from HEIs that propose to charge more than the standard fee. These show that HEIs will be investing around £300 million of their additional income in bursaries and other forms of financial support for students, as well as £35 million for outreach activities.

We are working with universities and colleges to consider the implications for widening participation of variable fees and new funding arrangements for Aimhigher.

[www.offa.org.uk](http://www.offa.org.uk)

## Making a difference

An evaluation of Aimhigher and its predecessor Excellence Challenge shows what a difference such outreach programmes make to young people:

- average improvement of 2.5 points in total GCSE points score
- participation in a summer school adds one GCSE grade on average
- young people mentored in low performing schools are 25 per cent more likely to attain five good GCSEs than equivalent pupils without mentoring
- increase of 3.9 percentage points in the proportion of Year 11 pupils intending to enter HE

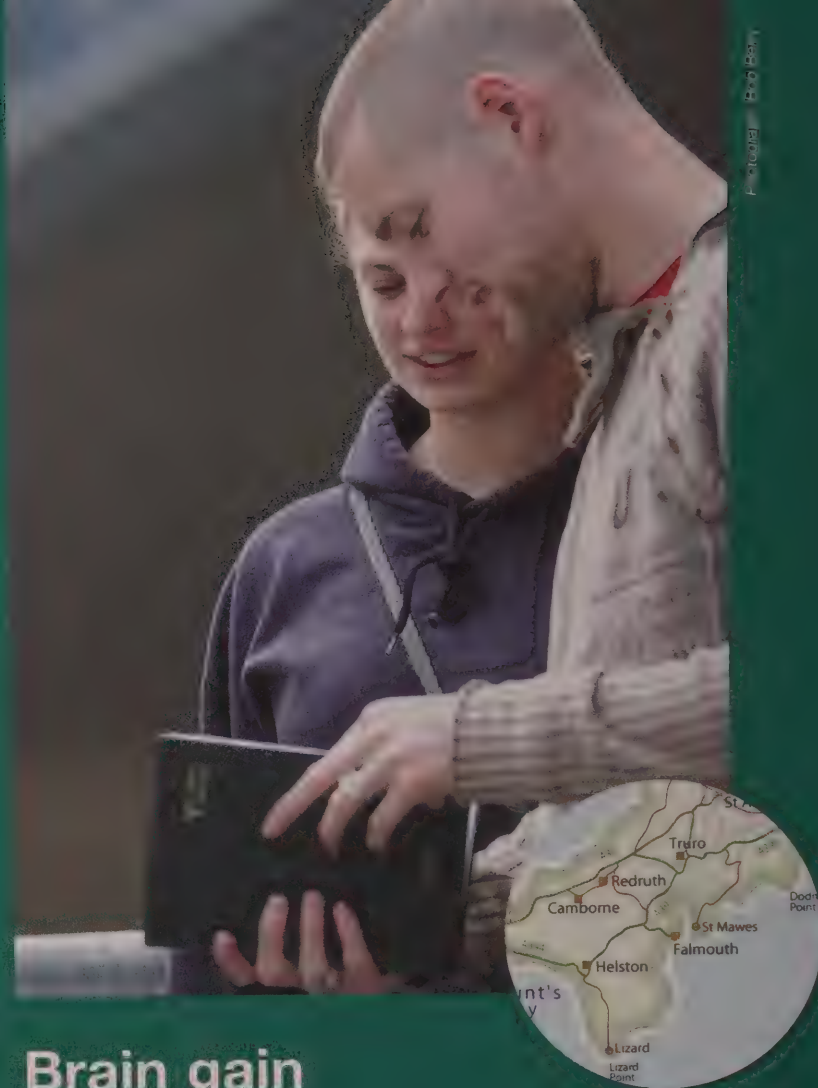
## Improving HE for disabled students

There are nearly 36,000 students with disabilities in higher education, around 4.5 per cent of the student population. Disability funding is now part of core budgets, worth £12.3 million in 2005-06.

The money is being used to audit the needs of disabled students and to provide additional resources and support where required. Special funds in 2003-05 supported 54 projects helping small or specialist institutions to improve facilities. New learning and teaching resources for disabled students were also funded.

## Brain gain

Neil Heatley and Rowena Dunford, journalism students with University College Falmouth, are gaining from a project reversing Cornwall's brain drain. The Combined Universities in Cornwall is a partnership bringing together all universities and colleges serving the county. It received an extra £21 million from HEFCE to help create over 4,000 new student places and enable more people to fulfill their study ambitions in Cornwall. The project, supported by regional and European funds, is also playing a key role in the economic regeneration of Cornwall and is working with businesses to encourage the creation of graduate jobs.





# Innovative insights

English universities and colleges carry out world-class research, widening our knowledge and inspiring innovation. Through links with industry and the wider community, researchers ensure that their work is used for wider economic and public benefit.

HEFCE represents one side of the dual support system of public funding for research. Our grants enable universities to carry out curiosity-driven research, as well as helping to pay for the costs of infrastructure, staff salaries, equipment, and supervising postgraduate research students. These are vital resources which institutions need to carry out project work

commissioned by the Research Councils, industry, charities and government departments.

Public funding for research has increased significantly as a result of the Government's ambition to increase the level of knowledge in the UK. This has enabled us to allocate £1,251 million for research in 2005-06, an increase of 10.8 per cent from 2004-05 on a like for like basis. We are also providing £500 million in 2005-06 to support the renewal of buildings that accommodate research work.

## Research assessment

Most of our research funding is delivered selectively to institutions, for departments that can demonstrate the quality of their research by reference to national and international standards. Quality is measured through a periodic Research Assessment Exercise (RAE), covering all UK higher education institutions.

The next RAE, which will take place in 2008, was launched during 2004-05. RAE 2008 will have a more flexible framework than the previous exercise, ensuring that practice-based research, applied research, basic/strategic research, and interdisciplinary research are all properly recognised. Members of the 15 main RAE panels and 67 sub-panels have been appointed.

[www.rae.ac.uk](http://www.rae.ac.uk)

## Focused support

In addition to the core funds for research we provide special funding for specific purposes. Grants of £861 million for 2004-06 from the Science Research Investment Fund, a joint initiative with the DfES and the Office of Science and Technology, are helping institutions to replace and upgrade research equipment and facilities.



## Cleaner chemicals

Chemists and engineers will be able to work more closely together on developing innovative products, including greener chemicals, at a new research centre to be established at the University of Nottingham. Cleaner chemicals are increasingly in demand as a result of concerns about the global environment. DICE (Driving Innovation in Chemistry and Chemical Engineering) will both develop innovative new products and processes and promote science and technology to young people. The centre, which is jointly sponsored by the Engineering and Physical Sciences Research Council, has received £500,000 from HEFCE as part of its Science and Innovation Awards scheme.

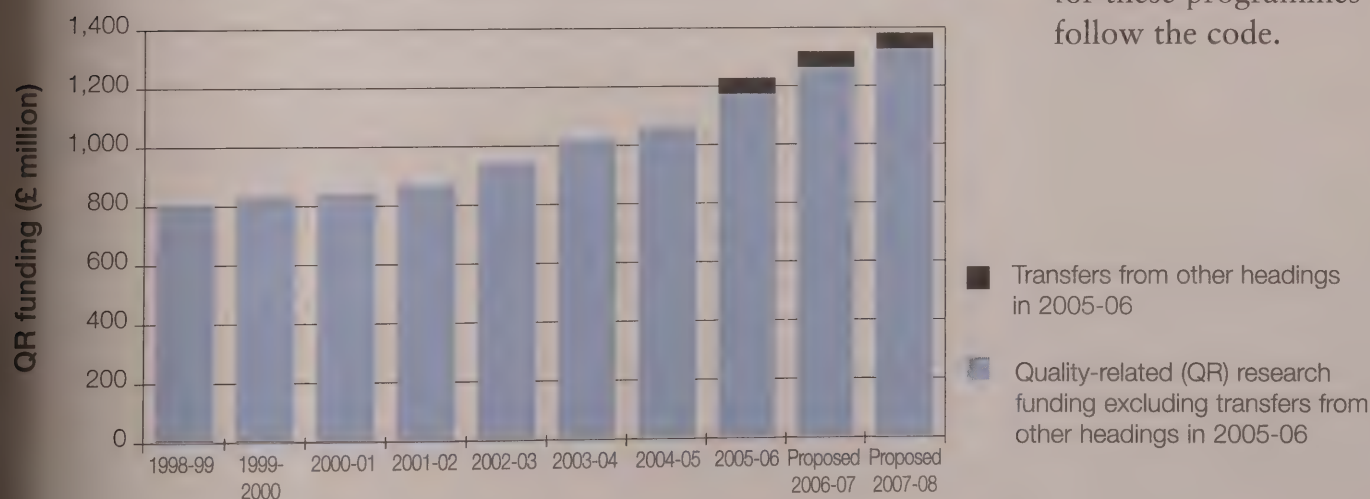




Together with the Engineering and Physical Sciences Research Council, we fund Science and Innovation Awards to secure strategically important research areas that are either missing or at risk in the UK. The awards typically amount to £3-5 million over five years, supporting staff in a research group. A commitment is required from the host university or college to continue funding after the end of the grant.

To encourage research in less well established subject areas, we provide grants through the Research Capability Fund. The fund is worth a total of £21.6 million in 2005-06, and supports work in seven areas: art and design; communication, cultural and media studies; dance, drama and performing arts; nursing; other studies and professions allied to medicine; social work; and sports-related studies.

## HEFCE funding for research



Note: The proposed figures are subject to confirmation by the HEFCE Board and may change as a result of the next government spending review.

## Resources and training

We have continued to work in partnership to improve the resources available to the research community, and the training for the next generation of researchers.

A new research libraries network was established in 2004 to transform the way research information is collected, organised, preserved and accessed. The network is supported by the funding councils, Research Councils and national libraries. It will have a particular role in helping researchers to make greater use of the internet for dissemination.

We have been working with the other funding bodies and the Quality Assurance Agency to establish common standards for the training and supervision of research students throughout the UK. The agency published its revised code of practice for postgraduate research degree programmes in September 2004; and from 2005 we expect all institutions that we fund for these programmes to follow the code.



## Exercise as therapy

A grant for state of the art equipment from the Science Research Investment Fund is supporting the work of the Human Motor Performance Research Group at the University of East London, led by Professor Oona Scott. The Vicon 3D motion analysis equipment provides a cost effective way of capturing data on the movement of normal subjects as well as those suffering from some impairment. The researchers are investigating how physical activity impacts on physiological function and mitigates the effects of disease and trauma. The equipment is being used in studies of patients who have had hip replacements and knee surgery, as well as to assess the exercise capacity and functional ability of patients soon after brain surgery.



# Benefiting the economy and society

Universities and colleges have a responsibility beyond their core tasks of teaching and research. And higher education is increasingly working with business and community partners.

Such work not only uses their knowledge base for commercial application, it also helps public services to become more efficient, supports civic and cultural endeavour, and helps to regenerate the regions. As a result, higher education is making a significant social and economic impact.

## Third stream funding

HEFCE is supporting this 'third stream' work with the Office of Science and Technology, through the Higher Education Innovation Fund (HEIF). The fund distributed £186 million over the two years 2004-05 and 2005-06, and is also supporting 22 specialist centres of knowledge exchange activity across England. Many involve collaborations with other local or regional universities and colleges.

The Government has announced a further £238 million for the third round of HEIF covering 2006-08. Details are being discussed with the academic and business communities, with a formal consultation due in summer 2005.

HEIF 3 will support knowledge transfer activities that benefit the wider world, but which would be unlikely to generate large amounts of net income for the universities themselves. Allocations will largely be through formula, but there will be some competitive bidding for innovative projects and priority activities.

[www.hefce.ac.uk/reachout/heif](http://www.hefce.ac.uk/reachout/heif)

## Voluntary action

Alongside HEIF, we also support student and staff volunteers who wish to play a more active role in their local communities. Volunteering provides a valuable link between HEIs and the charitable and not-for-profit sectors.

## Fair exchange

Site-based images from industry, like this, help students to visualise the construction process. Virtualsite was developed by Leeds Metropolitan University (funded by HEFCE's National Teaching Fellowship Scheme) to provide virtual tours of building projects. The site is promoted by the Construction Knowledge Exchange which brings together four national agencies – the Construction Industry Council, CITB-ConstructionSkills, Constructing Excellence and the Centre for Education in the Built Environment at the University of Salford – as one example of how universities and industry can exchange ideas to improve each other's effectiveness. The exchange is supported by £1 million from HEFCE, and by regional universities and centres.





Higher education is working increasingly with business and community partners... and as a result is making a significant social and economic impact.

A total of £10 million has been allocated for 2004-06 to maintain existing volunteering opportunities and create 2,500 more opportunities. Around 30,000 student volunteers have already taken part in projects as varied as prison visits, running school clubs, organising community radio stations and mentoring refugees. Prizes for the 22 best examples were awarded at an annual ceremony in December. And we have published case studies of good practice to guide future projects.

[www.heacf-awards.ac.uk](http://www.heacf-awards.ac.uk)

### Tangible benefits

Third stream activities may only receive a tenth of the funding available for research, but they are an increasingly important activity for the sector. And more important they enable society to reap the benefits of the substantial public investment in both research and teaching.

## Third stream success

The latest Higher Education-Business and Community Interaction Survey – published by HEFCE in January 2005 – found continuing growth in these links.

Most universities and colleges now provide a single contact point for businesses to help them determine their needs from higher education.

When asked about their economic development priorities, 55 per cent of English HEIs stated 'access to education', 38 per cent 'research collaboration with industry', and a similar proportion identified 'meeting regional skills needs'.

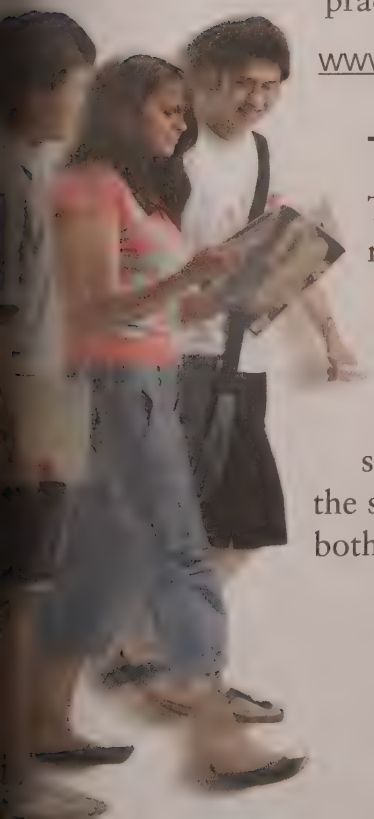
Across the sector, 4,134 staff report their main role as working with business and the wider community. Turnover of spin-off companies, which employ nearly 13,000 staff, was £358 million. (Staff totals are full-time equivalents for the UK.)

Commercial and non-commercial organisations spent nearly £130 million on education and continuing professional development supplied by the HE sector.



## Supporting local businesses

Third stream activities at Canterbury Christ Church University College aim to encourage individuals and businesses within the local community to increase their professional and personal skills and business opportunities. The college provides tailor-made business development courses, ICT training, and networking support for small and medium enterprises (SMEs), as well as identifying and benchmarking sustainable business practice throughout the region. Pictured are members of local security firm Anderson Stand Sure at a meeting of the Small Business Forum. Here they have the opportunity to network with other SMEs, to tap into external expertise, and to take part in workshops that introduce problem-solving techniques.





# Strategic developments

Universities and colleges face major challenges in today's changing higher education environment. They have the opportunity to develop practical and imaginative solutions through playing to their own strengths and building new partnerships.

We work to combine increased diversity with greater integration in an HE environment where specialist strengths increasingly complement each other. We also seek to bring higher education to parts of the country without any local universities or higher education colleges, particularly through working in partnership with further education colleges. HEFCE recognises the important regional dimension of higher education, including the impact of HE on regional economies.

## Support for collaboration

Through our £30 million a year Strategic Development Fund (SDF), which funded 28 projects in 2004-05, we are already helping HEIs to build new links and

strategic alliances. These are strengthening institutions' ability to meet the needs of different stakeholders. We also support mergers where they can make institutions stronger.

The SDF, which is partly used to support the strategic growth of student places, has been particularly instrumental in helping develop higher education in areas which previously had limited provision. The fund backs partnerships between existing institutions, and has been particularly supportive of new Lifelong Learning Networks, designed to support vocational students at further education colleges progressing to HE.

Among SDF projects, we are helping to establish a new Carlisle-based University of Cumbria – one of the few English counties with no university – through a network of universities and colleges, combining distance and institutional learning. We backed the University of Teesside in establishing two dedicated higher education centres at Darlington and Hartlepool FE colleges. The fund also enabled a merger between the Birmingham School of Acting and the University of Central England.



## Scaling new heights

An Outdoor Education student leading a climb in Cumbria. There are currently over 100 outdoor activity centres in Cumbria, employing 2,000 people, and the sector is an important growth area for the local economy. The University of Central Lancashire's Penrith campus will be the site for a new Centre for Outdoor Management, Education and Training (COMET). COMET, working with existing providers such as St Martin's College, will be part of a new further and higher education partnership delivering higher education to Cumbria, with HEFCE support of £12.8 million. There will be an HE hub at Carlisle linked to campuses around the county. Together, they will make it easier for an extra 1,500 students a year to get a higher education by 2010.





## Working in the regions

Regional Development Agencies (RDAs) play an important role in supporting the strategic development of higher education in their regions. The RDAs recognise the importance of higher education to economic development. And by working with them we can increase the funding available to universities and colleges, and achieve added impact.

Increasingly, RDAs are also involved at an early stage in the planning process. In Suffolk, for example, the early involvement of the East of England Development Agency made it easier to acquire land for the new University Campus Suffolk in Ipswich – a project led by the University of East Anglia and the University of Essex.

We organise regular regional meetings with all the stakeholders in each region, working with them to publish regional priorities and develop a shared agenda. Our regional profiles, published on the web, play an important part in that process.

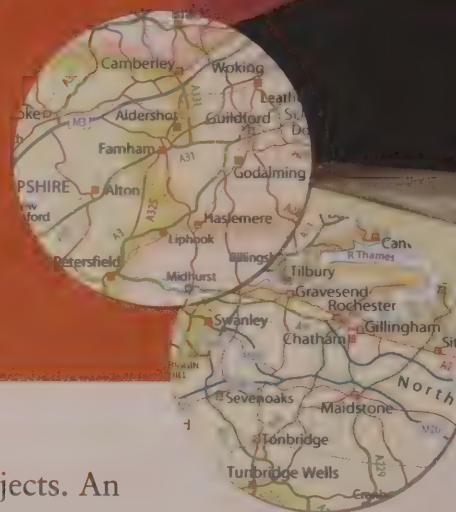
New regional research observatories are being established with RDAs to bring together all the relevant research information in one place. We also have nine regional teams (based at Bristol) working with institutions, RDAs and others in each region.

## Strategic subjects

To maintain diversity, and meet the needs of stakeholders, the sector needs to offer an ever-wider range of subjects. However, changing student choices can make it difficult

## Artistic alliance

Rebecca Manley gained her BA (Hons) in Animation from The Surrey Institute of Art & Design University College, which plans to merge with the Kent Institute of Art & Design from August 2005. The merger is being supported by a mixture of repayable and standard grants worth £2.3 million from HEFCE's Strategic Development Fund. Together, the two institutes believe they will be in a stronger position to champion their specialist subjects – including art, design, architecture and media studies. The merger will support regional creative industries and build on research expertise. The merged institute will have 6,500 students across five campuses.



for institutions to maintain some subjects. An advisory group, chaired by Professor Sir Gareth Roberts, has reported on how strategically important subjects – such as chemistry, physics and engineering – can be protected in such circumstances, and when it is appropriate for HEFCE to intervene.

We are also working to support institutions joining together to provide subjects threatened by low take-up in individual institutions, such as minority languages.

**We are already helping HEIs to build new links and strategic alliances. These are strengthening institutions' ability to meet the needs of different stakeholders.**



# Meeting the challenges

Strong leadership and good governance are increasingly important as higher education faces up to changes in the market place, including greater international competition and the impact of variable fees. We are working with the sector to improve the capacity of universities and colleges to meet these challenges.

We support institutions through our work – in partnership with others – on leadership, governance and management, promoting equality, and managing human resources. Our Leadership, Governance and Management (LGM) Fund is allocating £10 million over three years to 2006 to sector-led projects which support universities and colleges and help them to improve by identifying and sharing good practice.

## Leading from the front

The Leadership Foundation, launched in 2004, is developing and improving the management and leadership skills of current and future HE leaders. The UK funding councils are supporting the foundation's work with £10 million in its first three years.

The foundation provides a wide range of development opportunities for all staff with LGM responsibilities, including professional staff, vice-chancellors and governors. Its services include a national mentoring programme, a knowledge bank to share good practice and a 'change academy' (with the

Higher Education Academy) to promote team-based approaches to project planning.

[www.lfhe.ac.uk](http://www.lfhe.ac.uk)

We have worked with the Committee of University Chairmen (CUC) to produce a new guide to good governance in HE. The guide includes a code of practice, reflecting the need for strong governance as a key requirement for a lighter touch approach to regulation. The Governor Development Programme is now being led by the Leadership Foundation.

[www.shafc.ac.uk/cuc](http://www.shafc.ac.uk/cuc)

## Staff development

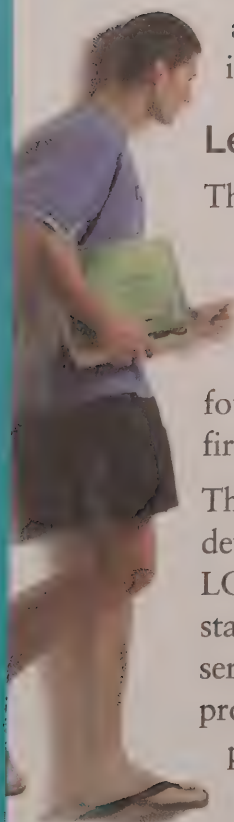
Our investment in human resources management is starting to pay dividends. An independent evaluation shows that the sustained investment since 2000 in rewarding and developing staff has promoted significant improvements, not only raising the profile of good HR management within universities and colleges, but accelerating the pace of significant change.

Recruitment and retention are improving, and human resources are playing a greater role in strategic thinking. We expect to mainstream the final elements of funding for rewarding and developing staff into block grant, relying on institutions' own commitment to continuous improvement to sustain and build upon the gains made so far.



## Promoting biodiversity

Hazel Grove woodland at the University of Hertfordshire, where traditional coppice management is helping to preserve the ecology of the campus. Hazel Grove will feature as one of many case studies in a new guide to biodiversity for colleges and universities being produced by the University of Hertfordshire, with a HEFCE Leadership Governance and Management grant of £38,000. The guide, which is being developed in association with the Environmental Association of Universities and Colleges, will emphasise the need to consider biodiversity and sustainability as part of improving environmental performance in further and higher education.





We have a legal duty to promote racial equality. This includes monitoring the ethnic origins of HE staff. The results are published in full at [www.hefce.ac.uk/lgm/divers](http://www.hefce.ac.uk/lgm/divers). Our work is being backed by a major equal opportunities research programme, the results of which are also on the web. And we are continuing to support the work of the Equality Challenge Unit which advises the sector on equality issues.

[www.ecu.ac.uk](http://www.ecu.ac.uk)

## A sustainable future for HE

We set out our vision for sustainable development in higher education through a consultation paper in January 2005. We hope the sector will become a major contributor to sustainability in its broadest sense – through graduates' skills and the workings of universities and colleges.

## A new guide to good governance in HE includes a code of practice, reflecting the need for strong governance as a key requirement for a lighter touch approach to regulation.

Aspects of sustainability include investing in the infrastructure for higher education, and effective management of finances and estates. We announced £1,453 million of capital funding for research, learning and teaching and supporting infrastructure for 2006-08. HEIs were asked to set out how they intend to use these funds to help deliver their strategic objectives. We have reduced the scale of information and accountability requirements for the use of these funds.

We published good practice on borrowing in the sector. The sector has increased its borrowing in recent years and, though this is still affordable, we have illustrated how some institutions have successfully reduced the costs of their borrowing.

In April 2005 we issued the sixth set of estate management statistics for HEIs in the UK. The statistics help institutions in their financial planning, identification of information needs, and in benchmarking their performance with others.

The latest figures show annual running costs average £78 per m<sup>2</sup>, with non-residential space per student ranging between 6 and 12 m<sup>2</sup>. The condition of non-residential space, and the ratio of cost to income for non-residential property, have improved since 1999, but there remains scope for better space management. We are working with the sector to produce guidance on this.

[www.heestates.ac.uk](http://www.heestates.ac.uk)

## Leadership lessons

Developing effective leaders is vital for higher education. The Leadership Foundation's first Leadership Summit in December 2004 brought together over 100 key players from universities and colleges to discuss a structured consultation by the Work Foundation into their development priorities for the future. Paul Sabapathy, Chair of Governors at the University of Central England (pictured), was among those contributing. Insights from the two-day session have been published. The Leadership Foundation, funded by HEFCE and the other UK higher education funding bodies, also runs its own research programme, and offers fellowships and courses for senior managers in HEIs.





# Continuous improvements

We always aim to achieve the highest standards as we strive to meet our stakeholders' needs and to optimise the use of all our resources.

It is our responsibility to ensure that universities and colleges spend over £6 billion a year of taxpayers' money efficiently and effectively. Independent studies show we are succeeding in doing this while reducing form-filling and red tape. PA Consulting found that the costs of accountability have fallen 25 per cent over the past four years. There is more to do, but we are making good progress.

In future, we propose to collect accountability information together once each year – in a 'single conversation' with the institutions we fund. Our new

**We identified savings worth 15 per cent from 2004-06 in our running costs, as our contribution to greater efficiency in the public sector.**

management information system will track funding and provide information on this more efficiently. We have streamlined our consultations process, so that we can benefit from expert opinion and knowledge without burdening all institutions with consultation exercises. In future we aim to consult on no more than six issues each year.

Working in partnership provides us with the feedback we need to better meet the needs of

our stakeholders. We take seriously the results of our consultations and the advice of bodies such as the Higher Education Regulatory Review Group.

## Managing risk

We have continued to develop our approach to institutional monitoring and audit to reflect the principles of better regulation. This includes assessing the risks posed for each institution on a consistent and comprehensive basis. We have begun to notify individual institutions that we consider to be at risk, helping to reduce their exposure by focusing on risk factors that can be overcome.

Institutional risk should also be reduced by better training for managers and governors, through the new Leadership Foundation and the new governance code (see page 16). A risk management good practice guide,

## Charity begins at work

HEFCE staff joined together to raise money for the Tsunami appeal through various events including an eBay-style auction of unwanted Christmas presents. In just a few days they collected a total of £1,000.





commissioned by us for the HE sector from PricewaterhouseCoopers, was published in February 2005.

### Efficiency in delivery

We identified savings worth 15 per cent from 2004-06 in our running costs, as our contribution to greater efficiency in the public sector following the review by Sir Peter Gershon. We remain committed to the Excellence Model of the European Foundation for Quality Management, aiming to progress from level 1 – 'committed to excellence' to level 2 – 'recognised for excellence' by 2008.

[www.efqm.org](http://www.efqm.org)

### Sustainable development

Sustainable development has become an increasingly important issue for HEFCE. We received a silver award from South Gloucestershire Council for reducing car use by staff at our Bristol headquarters, through more car-sharing, cycling and use of public transport. Key indicators for our environmental performance each year are published on our web-site ([www.hefce.ac.uk](http://www.hefce.ac.uk) under About us/Environmental

## Freedom of information

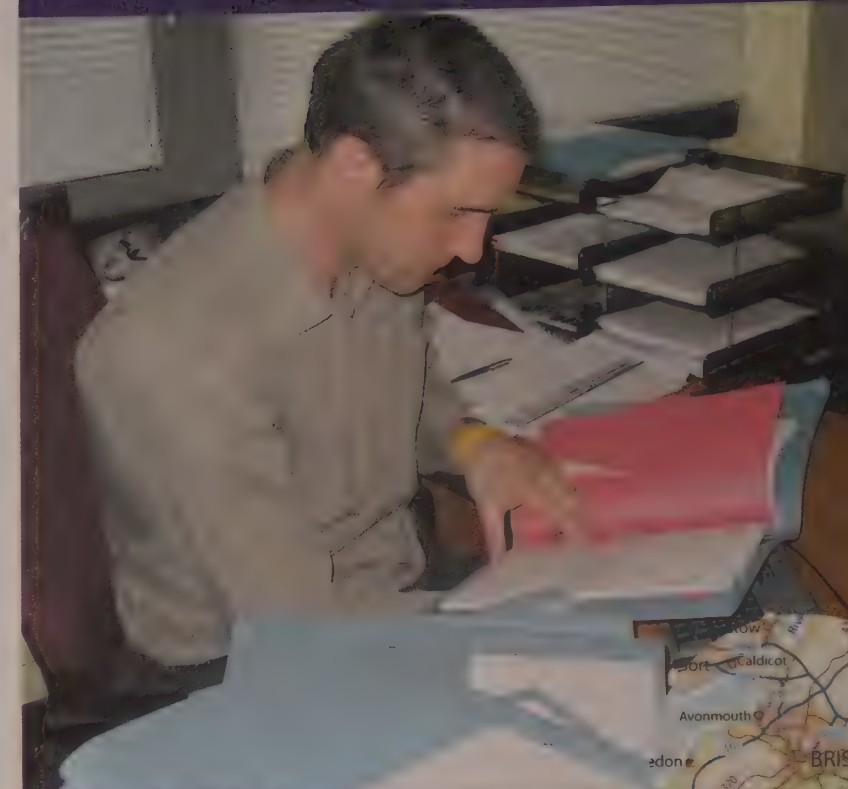
HEFCE has always strived to be as open as possible. We publish considerable information free on our web-site, including documents and Board papers. We received 233 requests under the Freedom of Information Act from January to April 2005, most of which were routine and answered the same day. We have a review procedure in cases where applicants are unhappy about our response to information requests.

[www.hefce.ac.uk/aboutus/foi](http://www.hefce.ac.uk/aboutus/foi)

performance). And we are developing a new strategy for corporate social responsibility in our working practices.

### Learning and development within HEFCE

We are committed to supporting our staff in their learning and development and promoting diversity in our employment practices. We benchmark staff satisfaction against the top performing UK companies. Compared to this benchmark, our 2005 staff survey found significantly higher than average 'pride and overall satisfaction' in working for HEFCE.



## Paper cuts

A new online system for institutions to submit applications for capital grants is streamlining the process, and cutting down on wasted paper. Pictured is HEFCE Capital Programmes Officer Stuart Grantham with some of the files previously submitted in triplicate for research capital projects. Now all the information will be dealt with electronically, and will only need to be entered and checked once.



# Our world view

UK higher education remains a strong brand overseas, particularly in Asia, where the number of students coming to Britain to study has continued to grow. Attracting overseas students is an important part of the sector's work in providing world-class education in a global economy.

Through our international work, we also strengthen our understanding and knowledge of higher education in other countries. Three projects are particularly important. The OECD Programme on

Institutional Management in Higher Education, a project run jointly with HEFCE, has examined strategic financial management needs in the changing environment faced by higher education in Australia, England, Germany, Ireland, Japan, the Netherlands, Sweden and the US. The resulting report 'On the Edge' focuses particularly on the financial sustainability of institutions.

[www.oecd.org](http://www.oecd.org)

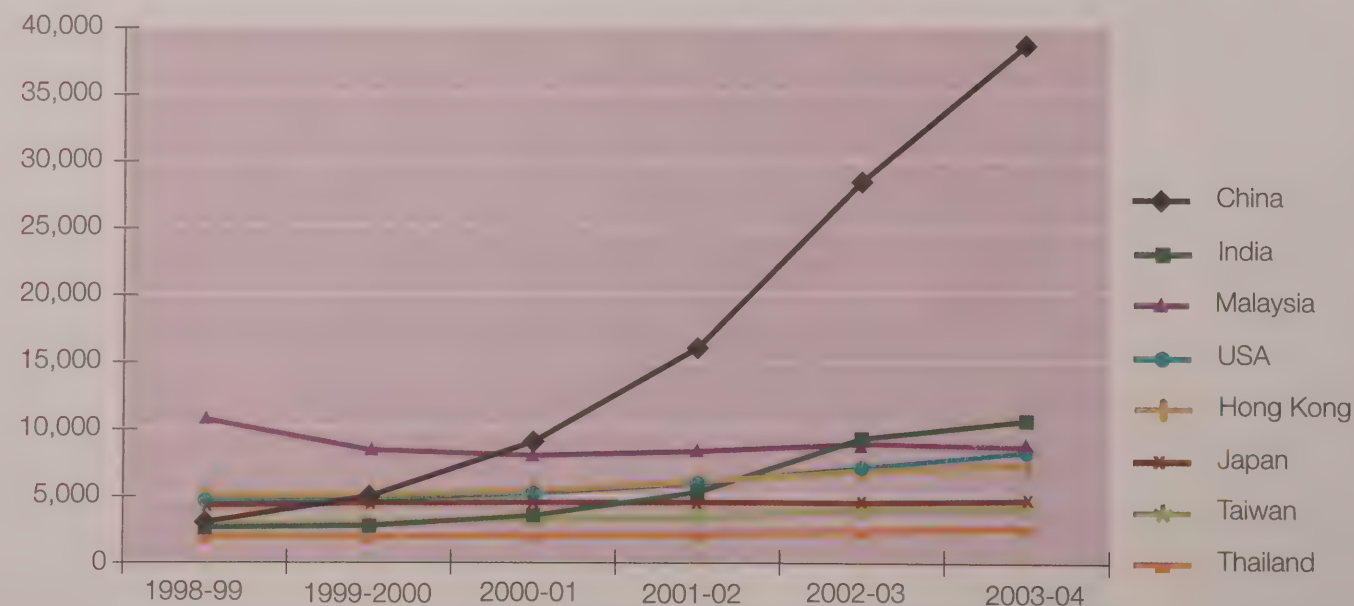
We supported a successful Leadership Development Network which saw the UK and Chinese higher education systems work together for mutual benefit. We also published a study in 2004 into the international mobility of UK students, reflecting on why UK students are less likely to travel abroad for higher education than their European counterparts.

## Foreign exchange

Fees from overseas students contributed £1,085 million to UK universities, around 7 per cent of higher education revenue. In 2003-04, there were 211,000 students from overseas studying in the UK. These students came from over 200 different countries, with 31 per cent from the European Union.

We continue to work with the British Council to promote UK higher education. In 2004-05, we hosted 268 international visitors on 50 overseas delegations, representing 32 countries.

## Overseas fee-paying students in UK higher education institutions (selected countries)



Headcounts of postgraduate and undergraduate students, both full and part-time, based on HEFCE analysis of data collected by the Higher Education Statistics Agency (HESA). Definitions of student counts follow those used in data returns to HEFCE, so figures do not correspond to those published by HESA.



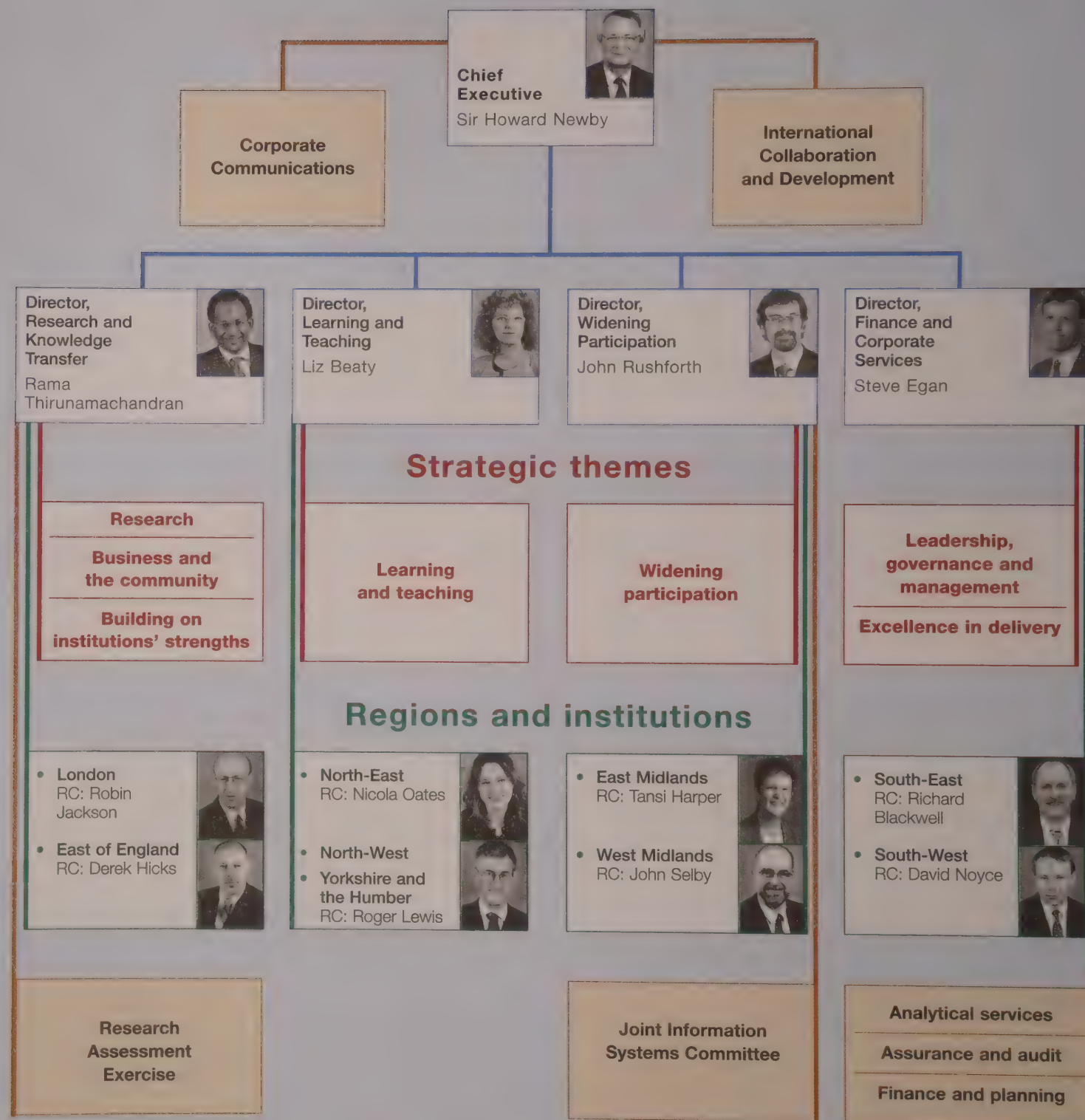


# HEFCE's organisational structure

HEFCE employs around 265 people, mostly based at our head office in Bristol, with a small secretariat at Centrepont in London. Four directors take lead responsibility for each of our core strategic aims, and the cross-cutting supporting aims. They also oversee regional and institutional issues for specific regions. Staff are organised in teams, some of which deal with the development and implementation of policy.

The regional teams, led by a regional consultant, are the key points of contact, information and advice for universities and colleges, and for the partner bodies in each region. They in turn are closely linked to the HEFCE assurance teams, which bring together staff responsible for institutional audit, financial health and estates.

Contact details for HEFCE staff are on the web at [www.hefce.ac.uk](http://www.hefce.ac.uk) under About us/Contact us.



RC: HEFCE regional consultant



# Progress against key performance targets

Targets published in HEFCE's 2003-08 strategic plan; progress as at 31 March 2005

## Enhancing excellence in learning and teaching

**Strategic aim:** To ensure that all higher education students benefit from a high-quality learning experience fully meeting their needs and the needs of society.

All new staff in HE to be trained to agreed professional national teaching standards by 2006.

**On target.** The Higher Education Academy is to consult with the sector on a framework for professional standards in summer 2005, to underpin courses for all new teaching staff. ✓

At least 95 per cent of institutions being audited by the Quality Assurance Agency receive judgements of broad confidence throughout the plan period.

**On target.** 43 of 46 QAA audit reports (93.5 per cent) published in January to December 2004 show judgements of broad confidence. The percentage for all reports published to December 2004 is 95.7 per cent. ✓

A new academy to support quality enhancement in learning and teaching to be set up by the end of 2004 and its impact reviewed by 2008.

**Achieved.** The Higher Education Academy was operational from August 2004. Its operating plan will include performance indicators which will inform our review of its impact. ✓

Seventy Centres for Excellence in teaching will be established by 2006 and their impact evaluated by 2008.

**Achieved.** Funding for 74 CETLs was announced in January 2005. An interim evaluation is planned in 2007. ✓

We will consult on and implement a new funding method which supports our strategic plan priorities and the Government's policies on higher education and tuition fees.

**On target.** A progress report on our review of the teaching funding method will be published in May 2005. We will consult on the principles by the end of 2005. ✓

## Widening participation and fair access

**Strategic aim:** To provide the opportunity of higher education to all those who could benefit from it.

To increase participation in higher education in line with the funding and policies set out in the annual grant letter provided by the Secretary of State.

**On target.** On target for 50,000 foundation degree places by 2005-06 (37,000 places in 2004-05). Data on other numbers will be available later in 2005. ✓

Across the planning period the non-completion rate for English HEIs will remain the same as, or be less than, the benchmark value calculated from the start year 2002-03.

**On target.** Performance indicators published in September 2004 showed that the overall non-completion rate has not changed significantly. ✓

## Enhancing excellence in research

**Strategic aim:** To develop and sustain a dynamic research sector that holds a strong position among the world leaders, and makes a major contribution to economic prosperity and national wellbeing and to the expansion and dissemination of knowledge.

To maintain the UK's leading international position in research excellence throughout the planning period.

**On target.** Funding was increased for RAE top-rated departments. Reforms are being made in accordance with the review of research funding and the White Paper, including new funding arrangements for postgraduate research students. Capital funding has been allocated for 2006-08. Joint capacity building initiatives are being set up with the Research Councils and Department of Health. ✓

To develop and implement a new process for assessing research by 2008 that informs stakeholders about relative performance and recognises the diversity of outputs of research effort in different disciplines.

**On target.** Work is going to plan for the administration and management of the 2008 Research Assessment Exercise. ✓

To demonstrate improved sustainability of the national research base by 2008.

**On target.** We are continuing to develop and implement the Transparent Approach to Costing (TRAC) methodology, and working with key stakeholders to ensure that the full economic costs of research are recovered. ✓



## Enhancing the contribution of HE to the economy and society

**Strategic aim:** To support all institutions in making a significant and measurable contribution, through knowledge transfer and related activities, to economic development and the strength of communities.

By 2005 we will be able to demonstrate the year on year improvement in the collaborative and individual interactions of all HEIs with business and the community, related to national social and economic benefit and evaluated from annual collection of robust data.

**Achieved.** The HE-business and community interaction survey was published (HEFCE 2005/07). It shows a further significant improvement in the performance of the UK HE sector. ✓

To develop by 2005-06 a set of objective measures of what is delivered over the planning period from an established baseline.

**On target.** The measures have been refined to include social and community interactions. We do not intend to make major changes for 2-3 years. Results of the survey are being used by Government and other stakeholders. ✓

By 2008, we intend to have secured funding to support these activities at an aggregate annual level across the sector greater than that announced in the 2002 Spending Review.

**Achieved.** Funding for a third round of the Higher Education Innovation Fund was confirmed at £238 million, an increase of over 25 per cent over the second round. ✓

## Building on institutions' strengths

**Strategic aim:** To ensure excellent provision across the full range of activity within HE, by supporting institutions to focus on achieving excellence in what they do best and to collaborate based on their strengths.

By 2006, all HEI corporate plans to identify clearly both how the institution will develop and sustain distinctive excellence in one or more of its areas of relative strength, and its plans for collaboration related to its mission.

**Under review.** Our approach to corporate planning is being reviewed in light of our commitment to reduce the accountability burden, and to introduce a 'single conversation' with institutions.

## Developing leadership, governance and management

**Strategic aim:** To provide support, through a broad-based partnership, to enhance further the sector's leadership, governance and management.

By 2008 all HEIs will show measurable improvements in at least one dimension of equal opportunities.

**On target.** Review of the Rewarding and Developing Staff initiative shows improved capacity in HR management, and more activities to increase equality of opportunity. HESA data to 2003-04 shows improved outcomes, particularly for the proportion of women and minority ethnic groups in academic roles. This trend looks set to continue. ✓

## Excellence in delivery

**Strategic aim:** To ensure HEFCE can effectively deliver this strategic plan, working to the highest standards in all that we do.

By the end of the planning period, HEFCE to be assessed by the European Foundation for Quality Management as maintaining level 2 – 'Recognised for Excellence'.

**On target.** Significant progress made in managing our five key business processes. Results of 2005 staff survey continue to show results which match or exceed external benchmarks. ✓



# Funding and finance

We have recognised the need for stability as the sector prepares for the introduction of variable fees in 2006-07. Our recurrent grant allocations achieve this, while providing a significant increase for the sector as a whole. We are distributing £6,332 million of public money for higher education in 2005-06, an overall cash increase of 5.6 per cent compared with the previous year.

Total recurrent funds for teaching will be £4,004 million, an increase of 5.4 per cent over the equivalent figures for 2004-05. This means we can provide about 26,000 extra full-time equivalent student places, as well as an increase in the unit of resource per student that is slightly above inflation.

Within the total for teaching, funding for widening participation has been maintained in real terms, with recurrent grants of £282 million in 2005-06.

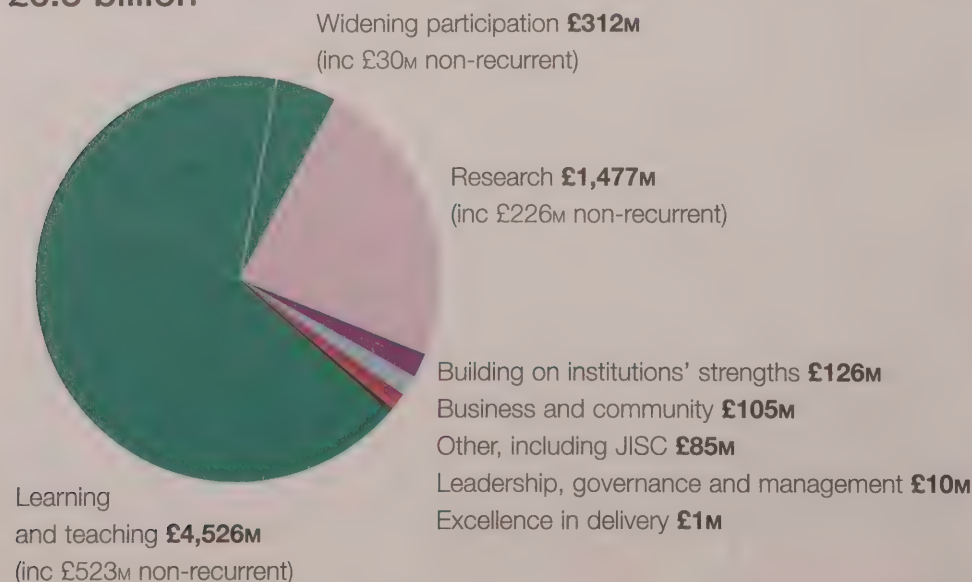
There are substantial increases in recurrent funding for research. The total of £1,251 million in 2005-06 represents an increase of 10.8 per cent over the previous year, after allowing for transfers from teaching and special funding. Within this increase we have established a larger fund for supervising research degree programmes; increased the average unit of funding by 4.6 per cent for top-rated departments in the Research Assessment Exercise (ratings of 5 and 5\*); and maintained the average unit of funding for departments rated 4.

Recurrent grants for teaching and research are allocated as a block grant, which institutions can then decide how to distribute internally to support their own priorities.

Special funding supports specific initiatives to deliver strategic objectives, and provides funding for national activities such as the Joint Information Systems Committee, and for inherited activities. The total amount required for special funding in 2005-06 has reduced by £58 million compared with the previous year. This is partly through transfers in funding responsibilities, but also through funds being consolidated into the core grant.

## Distribution of funds by strategic theme

In 2005-06 HEFCE will distribute  
**£6.3 billion**



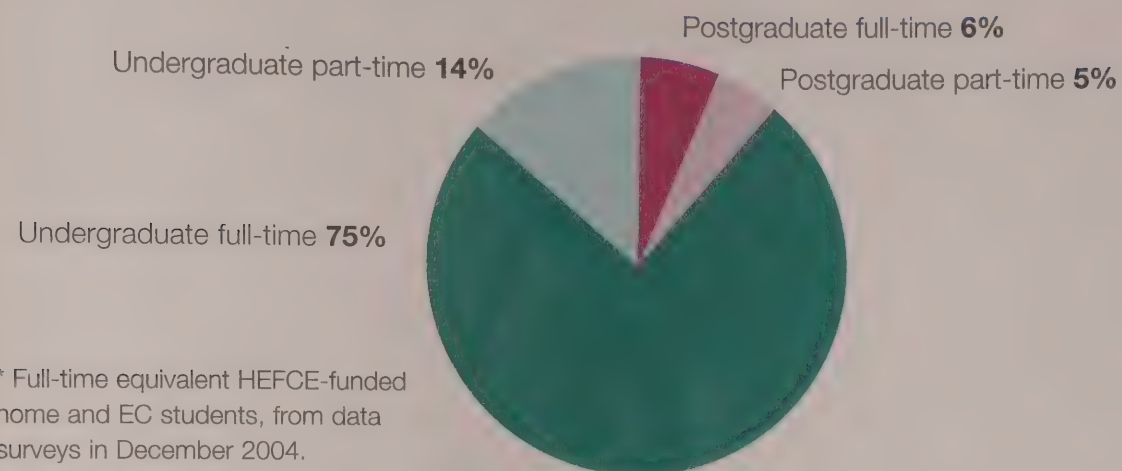
In 2004-05 HEFCE distributed  
**£6.0 billion**





## Students and institutions funded by HEFCE

980,000 students\*



\* Full-time equivalent HEFCE-funded home and EC students, from data surveys in December 2004.

## 282 institutions for 2005-06

### 130 higher education institutions:

77 universities  
13 general HE colleges  
40 specialist institutions

### 152 further education colleges

(Further education colleges providing HE courses, that are funded directly by HEFCE rather than indirectly through an HEI)

## Financial trends for HEFCE

|   | 1998-99             | 1999-2000           | 2000-01                | 2001-02              | 2002-03              | 2003-04                | 2004-05                |               |
|---|---------------------|---------------------|------------------------|----------------------|----------------------|------------------------|------------------------|---------------|
|   | £000s               | £000s               | £000s                  | £000s                | £000s                | £000s                  | £000s                  |               |
| <b>Income</b>                           |                     |                     |                        |                      |                      |                        |                        |               |
| Government grants                       | 3,580,149           | 4,187,183           | 4,432,020              | 4,776,692            | 5,189,978            | 5,717,911              | <b>6,130,867</b>       |               |
| Other income                            | <u>5,883</u>        | <u>4,629</u>        | <u>20,750</u>          | <u>25,709</u>        | <u>33,965</u>        | <u>47,730</u>          | <u><b>71,873</b></u>   |               |
|   | 3,586,032           | 4,191,812           | 4,452,770              | 4,802,401            | 5,223,943            | 5,765,641              | <b>6,202,740</b>       |               |
| <b>Expenditure</b>                      |                     |                     |                        |                      |                      |                        |                        |               |
| Grants to institutions                  | 3,534,218           | 4,066,810           | 4,356,369              | 4,602,292            | 5,070,059            | 5,590,112              | <b>5,997,575</b>       |               |
| Access funds grant                      | 38,830              | 80,516              | 92,465                 | 95,600               | 105,021              | 110,192                | <b>91,056</b>          |               |
| Amortisation and impairment             | 0                   | 0                   | 0                      | 0                    | 0                    | 0                      | <b>2,870</b>           |               |
| Running costs                           | Pay                 | 5,134               | 6,049                  | 6,898                | 7,803                | 8,284                  | 9,544                  | <b>10,260</b> |
|   | Non pay             | 4,833               | 6,546                  | 6,380                | 8,163                | 7,669                  | 8,158                  | <b>8,263</b>  |
| Appropriations, interest and charges    | <u>149</u>          | <u>24,578</u>       | <u>24,096</u>          | <u>23,622</u>        | <u>20,790</u>        | <u>83,744</u>          | <u><b>(70,410)</b></u> |               |
|   | 3,583,164           | 4,184,499           | 4,486,208              | 4,737,480            | 5,211,823            | 5,801,750              | <b>6,039,614</b>       |               |
| <b>Surplus / (deficit) for the year</b> |                     |                     |                        |                      |                      |                        |                        |               |
|   | <u><u>2,868</u></u> | <u><u>7,313</u></u> | <u><u>(33,438)</u></u> | <u><u>64,921</u></u> | <u><u>12,120</u></u> | <u><u>(36,109)</u></u> | <u><u>163,126</u></u>  |               |



## Income and expenditure account

|  |                           | Year ended<br>31 March 2005<br>£000s | Year ended<br>31 March 2004<br>£000s |
|--|---------------------------|--------------------------------------|--------------------------------------|
| <b>Income</b>  |                           |                                      |                                      |
| Government grants                                    | Programmes                | 6,021,443                            | 5,592,161                            |
|  | Running costs             | 17,026                               | 16,789                               |
|  | Other grant income        | 89,277                               | 108,735                              |
|  |                           | <u>6,127,746</u>                     | <u>5,717,685</u>                     |
| Transfer from deferred government grant              |                           | 3,121                                | 226                                  |
| Other income   | Programmes                | 70,751                               | 46,914                               |
|  | Running costs             | 1,122                                | 816                                  |
|  |                           | <u>71,873</u>                        | <u>47,730</u>                        |
| <b>Total income</b>                                  |                           | <b>6,202,740</b>                     | <b>5,765,641</b>                     |
| <b>Expenditure</b>                                   |                           |                                      |                                      |
| Grants paid  | Recurrent                 | 5,997,575                            | 5,590,112                            |
|  | Access and Hardship funds | 91,056                               | 110,192                              |
|  |                           | <u>6,088,631</u>                     | <u>5,700,304</u>                     |
| Council administration                               |                           | 18,523                               | 17,702                               |
| <b>Total expenditure</b>                             |                           | <b>6,110,024</b>                     | <b>5,718,006</b>                     |
| <b>Operating surplus / (deficit) before interest</b> |                           | <b>92,716</b>                        | <b>47,635</b>                        |
| Unwinding of discount*                               |                           | (13,545)                             | (11,734)                             |
| Increase in provision                                |                           | 83,955                               | (72,010)                             |
| <b>Surplus / (deficit) for the period</b>            |                           | <b>163,126</b>                       | <b>(36,109)</b>                      |

\* This represents a charge to reflect the cash flows estimated as part of the initial measurement of the provision being closer to the measurement date; in effect it is similar to interest payable on future expenditure.



## Balance sheet as at 31 March 2005

These summary financial statements are prepared from the Council's full audited annual accounts. The HEFCE's annual accounts for the year ended 31 March 2005 were signed on 16 June 2005 by Sir Howard Newby on behalf of the HEFCE Board. To view these accounts visit our web-site at: [www.hefce.ac.uk](http://www.hefce.ac.uk) under About us/Annual accounts/2004-05.

|  |                           | Year ended<br>31 March 2005 | Year endedd<br>31 March 2004 |
|--|---------------------------|-----------------------------|------------------------------|
|  |                           | £000s                       | £000s                        |
| Fixed assets                           | Tangible assets           | 219                         | 296                          |
|  | Intangible assets         | 3,376                       | 0                            |
| Current assets                         | Repayable grants          | 16,499                      | 19,520                       |
|  | Loans to staff            | 1                           | 0                            |
|  | Debtors                   | 8,949                       | 13,111                       |
|  | Cash at bank              | 89,301                      | 17,408                       |
|  |                           | <b>114,750</b>              | 50,039                       |
| Current liabilities                    |                           | <b>(10,989)</b>             | (6,994)                      |
| Net current assets                     |                           | <b>103,761</b>              | 43,045                       |
| Provisions for liabilities and charges |                           | <b>(284,598)</b>            | (387,008)                    |
|  |                           | <b>(177,242)</b>            | (343,667)                    |
| Represented by                         | Deferred government grant | 3,595                       | 296                          |
|  | General reserve*          | (180,837)                   | (343,963)                    |
|  |                           | <b>(177,242)</b>            | (343,667)                    |

\* The accumulated (negative) general reserve represents the Council's commitment to pay inherited staff liabilities as shown in our provision. Funding to cover this commitment is drawn as grant each year from the DfES as long as the commitment continues.



# Analysis of Council administration costs for the year to 31 March 2005

|  | Year ended<br>31 March 2005 | Year ended<br>31 March 2004 |
|--|-----------------------------|-----------------------------|
|  | £000s                       | £000s                       |
| Staff costs (see below)                            | 10,260                      | 9,544                       |
| Audit fee  | 32                          | 29                          |
| Board members' honoraria and expenses              | 71                          | 62                          |
| Committee members' and advisers' fees and expenses | 232                         | 280                         |
| Consultancy fees                                   | 2,600                       | 2,775                       |
| Depreciation                                       | 219                         | 204                         |
| General administrative expenses                    | 2,290                       | 1,971                       |
| Premises   | 1,806                       | 1,837                       |
| Staff travel and subsistence                       | 1,013                       | 1,000                       |
|  | <u>18,523</u>               | <u>17,702</u>               |

## Staff costs for the year to 31 March 2005

Staff directly employed by HEFCE

|   |               |              |
|---|---------------|--------------|
| Staff salaries                                | 7,656         | 7,230        |
| National Insurance contributions              | 659           | 617          |
| Pension costs                                 | 1,073         | 1,016        |
|   | <u>9,388</u>  | <u>8,863</u> |
| Costs of contract, agency and temporary staff | 872           | 681          |
| Total staff costs                             | <u>10,260</u> | <u>9,544</u> |

## Senior employees

|  |            |            |
|--|------------|------------|
| Salary and benefits of the <b>Chairman</b> , David Young             | 43         | 42         |
| Salary and benefits of the <b>Chief Executive</b> , Sir Howard Newby |            |            |
| Salary   | 148        | 138        |
| Other annual benefits and pension contribution                       | 37         | 22         |
|  | <u>185</u> | <u>160</u> |

|   |     |     |
|---|-----|-----|
| Average number of staff employed by the Council | 264 | 254 |
|---|-----|-----|



# Sources of finance for universities and colleges 2003-04

Total income £13,881 million

## Private finance

UK charities **£576m (4%)**

Overseas student fees **£1,121m (8%)**

Residences and catering **£882m (6%)**

Other research income **£393m (3%)**

Other income (fees, services, endowments, etc) **£2,650m (19%)**

## Public finance

HEFCE, Teacher Training Agency and Learning and Skills Council grants **£5,242m (38%)**

Student Loans Company and local education authority fees **£425m (3%)**

OST/Research Council grants and postgraduate fees **£987m (7%)**

Other govt grants: research **£550m (4%)**

Other govt grants: non-research **£1,055m (8%)**

Source: HESA Finance Statistics Return 2003-04, HEFCE-funded higher education institutions



# Recurrent grant for 2005-06 and students for 2004-05

Data for the 2005-06 recurrent grant are provisional and correct as at March 2005.

Data on students for 2004-05 inform our allocations of funds for 2005-06.

|  | Figures in £000s  |                   | Moderation<br>of teaching<br>and research | Total grant | Percentage<br>change<br>adjusted for<br>volume | Percentage<br>change in total<br>resource <sup>1</sup> from<br>2004-05 | Students <sup>2</sup>   |           |
|--|-------------------|-------------------|---|-------------|--|--|-------------------------|-----------|
|  | Teaching<br>grant | Research<br>grant |   |             |  |  | Full-time<br>& sandwich | Part-time |
| <b>Universities</b>                                  |                   |                   |   |             |  |  |                         |           |
| Anglia Polytechnic University                        | 45,363            | 681               | 0   | 46,044      | 4.0%   | 4.0%   | 9,901                   | 15,436    |
| Aston University                                     | 19,309            | 6,277             | 0   | 25,587      | 4.3%   | 4.3%   | 6,378                   | 850       |
| University of Bath                                   | 25,974            | 16,366            | 0   | 42,340      | 7.7%   | 8.1%   | 9,232                   | 2,837     |
| Birkbeck College                                     | 20,882            | 8,786             | 0   | 29,667      | 6.8%   | 7.6%   | 692                     | 14,323    |
| University of Birmingham                             | 69,451            | 38,113            | 0   | 107,564     | 3.7%   | 5.3%   | 20,572                  | 6,789     |
| University of Bolton                                 | 19,431            | 192               | 0   | 19,623      | 4.3%   | 5.2%   | 3,519                   | 3,272     |
| Bournemouth University                               | 31,263            | 713               | 0   | 31,976      | 3.4%   | 8.5%   | 10,212                  | 4,440     |
| University of Bradford                               | 24,592            | 6,629             | 0   | 31,221      | 1.9%   | 1.9%   | 7,886                   | 3,131     |
| University of Brighton                               | 37,647            | 4,383             | 0   | 42,030      | 3.8%   | 6.0%   | 12,125                  | 5,497     |
| University of Bristol                                | 55,658            | 37,864            | 0   | 93,522      | 5.9%   | 7.4%   | 13,714                  | 6,216     |
| Brunel University                                    | 33,671            | 7,862             | 0   | 41,533      | 4.0%   | 4.0%   | 10,727                  | 2,722     |
| University of Cambridge                              | 58,202            | 92,378            | 0   | 150,580     | 4.9%   | 4.9%   | 17,334                  | 9,959     |
| University of Central England in Birmingham          | 42,904            | 706               | 0   | 43,610      | 3.2%   | 5.7%   | 13,529                  | 7,271     |
| University of Central Lancashire                     | 57,495            | 1,364             | 0   | 58,859      | 2.9%   | 4.1%   | 16,077                  | 9,177     |
| City University, London                              | 20,902            | 5,509             | 0   | 26,411      | 3.7%   | 8.3%   | 9,616                   | 8,725     |
| Coventry University                                  | 40,398            | 1,017             | 0   | 41,415      | 1.1%   | 1.1%   | 11,138                  | 6,951     |
| De Montfort University                               | 55,270            | 4,166             | 0   | 59,436      | 2.9%   | 4.3%   | 15,515                  | 6,397     |
| University of Derby                                  | 31,068            | 326               | 0   | 31,393      | 2.4%   | 4.7%   | 8,236                   | 4,567     |
| University of Durham                                 | 37,252            | 21,389            | 0   | 58,641      | 5.5%   | 5.5%   | 13,019                  | 1,556     |
| University of East Anglia                            | 25,922            | 14,657            | 0   | 40,579      | 3.6%   | 9.2%   | 9,598                   | 4,838     |
| University of East London                            | 35,791            | 1,537             | 181                                       | 37,509      | 2.5%   | 4.0%   | 10,186                  | 5,077     |
| University of Essex                                  | 20,223            | 9,807             | 0   | 30,030      | 4.3%   | 6.8%   | 7,809                   | 1,955     |
| University of Exeter                                 | 31,659            | 12,880            | 0   | 44,538      | 4.8%   | 7.7%   | 10,517                  | 2,935     |
| University of Gloucestershire                        | 21,149            | 897               | 0   | 22,047      | 2.9%   | 4.5%   | 6,066                   | 2,438     |
| Goldsmiths College, University of London             | 14,671            | 7,877             | 0   | 22,548      | 6.6%   | 6.6%   | 4,822                   | 1,796     |
| University of Greenwich                              | 49,105            | 1,462             | 0   | 50,566      | 4.2%   | 8.5%   | 12,539                  | 9,820     |
| University of Hertfordshire                          | 44,226            | 2,453             | 0   | 46,679      | 3.3%   | 3.4%   | 15,267                  | 4,150     |
| University of Huddersfield                           | 37,167            | 1,373             | 0   | 38,540      | 3.3%   | 3.7%   | 9,411                   | 5,694     |
| University of Hull                                   | 32,375            | 6,180             | 0   | 38,555      | 3.4%   | 5.8%   | 10,247                  | 7,684     |
| Imperial College of Science, Technology and Medicine | 50,688            | 82,442            | 0   | 133,130     | 7.1%   | 7.4%   | 10,860                  | 986       |
| Keele University                                     | 18,426            | 6,219             | 0   | 24,644      | 6.4%   | 9.4%   | 6,757                   | 3,163     |
| University of Kent                                   | 34,119            | 7,198             | 0   | 41,317      | 4.3%   | 9.1%   | 10,243                  | 6,127     |
| King's College London                                | 63,704            | 48,852            | 0   | 112,556     | 5.7%   | 6.6%   | 14,902                  | 5,115     |
| Kingston University                                  | 53,154            | 1,199             | 0   | 54,353      | 3.6%   | 8.3%   | 14,006                  | 3,976     |
| Lancaster University                                 | 25,424            | 15,871            | 0   | 41,295      | 5.6%   | 5.9%   | 9,344                   | 6,530     |
| University of Leeds                                  | 80,939            | 42,493            | 0   | 123,433     | 4.6%   | 5.7%   | 25,693                  | 4,309     |
| Leeds Metropolitan University                        | 61,134            | 951               | 425                                       | 62,510      | 2.5%   | 4.6%   | 14,959                  | 9,956     |
| University of Leicester                              | 32,823            | 16,215            | 0   | 49,037      | 5.7%   | 7.7%   | 9,765                   | 6,286     |
| University of Lincoln                                | 35,938            | 252               | 0   | 36,191      | 2.4%   | 3.1%   | 7,998                   | 5,243     |
| University of Liverpool                              | 59,462            | 26,921            | 0   | 86,384      | 4.0%   | 5.8%   | 14,791                  | 2,689     |
| Liverpool John Moores University                     | 54,998            | 2,771             | 0   | 57,769      | 2.6%   | 4.2%   | 14,761                  | 6,194     |
| London Metropolitan University                       | 63,829            | 799               | 0   | 64,628      | -3.0%  | -3.0%  | 17,215                  | 8,392     |
| London South Bank University                         | 33,900            | 1,349             | 0   | 35,249      | 3.2%   | 6.5%   | 10,648                  | 10,121    |
| Loughborough University                              | 36,077            | 14,288            | 0   | 50,366      | 5.1%   | 5.1%   | 11,954                  | 947       |



|  | Figures in £000s  |                   |   |             | Percentage<br>change<br>adjusted for<br>volume | Percentage<br>change in total<br>resource <sup>1</sup> from<br>2004-05 | Students <sup>2</sup>   |           |
|--|-------------------|-------------------|---|-------------|--|--|-------------------------|-----------|
|  | Teaching<br>grant | Research<br>grant | Moderation<br>of teaching<br>and research | Total grant |  |  | Full-time &<br>sandwich | Part-time |
| University of Luton                          | 18,654            | 411               | 0   | 19,065      | 1.6%   | 1.6%   | 6,638                   | 2,847     |
| University of Manchester                     | 86,485            | 68,931            | 0   | 155,416     | 5.0%   | 5.3%   | 28,268                  | 6,619     |
| Manchester Metropolitan University           | 75,193            | 3,368             | 112                                       | 78,672      | 2.5%   | 3.1%   | 23,057                  | 6,781     |
| Middlesex University                         | 43,241            | 1,915             | 0   | 45,157      | -0.7%  | -0.7%  | 15,375                  | 4,638     |
| University of Newcastle upon Tyne            | 56,404            | 30,672            | 0   | 87,076      | 4.4%   | 7.4%   | 15,340                  | 1,049     |
| University of Northumbria at Newcastle       | 52,030            | 1,146             | 528                                       | 53,704      | 2.0%   | 4.9%   | 16,311                  | 5,111     |
| University of Nottingham                     | 60,765            | 34,403            | 0   | 95,167      | 3.9%   | 5.5%   | 22,482                  | 9,127     |
| Nottingham Trent University                  | 55,442            | 2,729             | 0   | 58,171      | 3.3%   | 4.0%   | 17,544                  | 5,260     |
| Open University                              | 156,229           | 7,209             | 0   | 163,438     | 4.7%   | 4.7%   | 575                     | 107,114   |
| University of Oxford                         | 59,035            | 90,165            | 0   | 149,200     | 6.1%   | 6.5%   | 17,007                  | 6,282     |
| Oxford Brookes University                    | 31,358            | 2,397             | 0   | 33,755      | 3.2%   | 4.4%   | 11,914                  | 4,711     |
| University of Plymouth                       | 69,337            | 3,485             | 211                                       | 73,033      | 2.5%   | 5.9%   | 16,914                  | 12,617    |
| University of Portsmouth                     | 49,144            | 4,495             | 0   | 53,640      | 3.7%   | 5.0%   | 15,041                  | 4,511     |
| Queen Mary, University of London             | 47,171            | 18,003            | 0   | 65,174      | 6.6%   | 12.2%  | 8,987                   | 1,614     |
| University of Reading                        | 26,997            | 20,838            | 0   | 47,835      | 6.5%   | 8.2%   | 9,655                   | 3,055     |
| Roehampton University                        | 18,479            | 1,281             | 0   | 19,761      | 5.2%   | 8.7%   | 6,152                   | 1,465     |
| Royal Holloway, University of London         | 16,341            | 13,048            | 0   | 29,389      | 6.7%   | 7.4%   | 5,888                   | 1,142     |
| University of Salford                        | 42,752            | 7,942             | 0   | 50,694      | 3.3%   | 4.1%   | 12,578                  | 4,674     |
| University of Sheffield                      | 57,965            | 40,275            | 0   | 98,240      | 4.1%   | 6.3%   | 19,659                  | 4,323     |
| Sheffield Hallam University                  | 59,241            | 3,578             | 0   | 62,819      | 3.3%   | 3.3%   | 18,496                  | 6,826     |
| University of Southampton                    | 47,041            | 42,582            | 0   | 89,623      | 6.7%   | 7.3%   | 15,199                  | 4,855     |
| Staffordshire University                     | 41,571            | 687               | 0   | 42,258      | 2.7%   | 2.7%   | 9,284                   | 5,775     |
| University of Sunderland                     | 35,437            | 938               | 0   | 36,376      | 3.4%   | 5.0%   | 8,851                   | 8,569     |
| University of Surrey                         | 20,421            | 16,532            | 0   | 36,953      | 3.1%   | 3.1%   | 8,417                   | 4,085     |
| University of Sussex                         | 25,726            | 16,407            | 0   | 42,133      | 5.4%   | 7.5%   | 8,231                   | 3,454     |
| University of Teesside                       | 41,905            | 503               | 0   | 42,408      | 4.0%   | 10.5%  | 9,014                   | 10,243    |
| Thames Valley University                     | 31,132            | 101               | 0   | 31,233      | 2.5%   | 2.5%   | 7,822                   | 9,122     |
| University College London                    | 59,071            | 92,990            | 0   | 152,061     | 6.5%   | 6.5%   | 16,141                  | 2,701     |
| University of Warwick                        | 36,142            | 27,702            | 0   | 63,844      | 7.3%   | 8.5%   | 13,168                  | 11,574    |
| University of the West of England, Bristol   | 54,316            | 2,293             | 0   | 56,608      | 3.0%   | 3.5%   | 18,427                  | 7,706     |
| University of Westminster                    | 53,373            | 2,016             | 0   | 55,389      | 3.6%   | 3.8%   | 12,040                  | 9,985     |
| University of Wolverhampton                  | 47,741            | 589               | 0   | 48,330      | 0.2%   | 1.2%   | 13,770                  | 8,344     |
| University of York                           | 21,955            | 20,752            | 0   | 42,707      | 6.4%   | 8.2%   | 8,755                   | 1,494     |
| <b>General colleges</b>                      |                   |                   |   |             |  |  |                         |           |
| Bath Spa University College                  | 13,334            | 393               | 0   | 13,727      | 3.3%   | 7.7%   | 4,306                   | 1,354     |
| Buckinghamshire Chilterns University College | 19,922            | 617               | 0   | 20,539      | 3.4%   | 4.2%   | 5,597                   | 2,985     |
| Canterbury Christ Church University College  | 18,842            | 132               | 0   | 18,974      | 3.2%   | 6.4%   | 6,519                   | 5,453     |
| University College Chester                   | 18,105            | 306               | 0   | 18,411      | 4.3%   | 12.1%  | 6,119                   | 3,186     |
| University College Chichester                | 9,406             | 305               | 0   | 9,711       | 3.8%   | 8.7%   | 2,849                   | 2,192     |
| Edge Hill College of Higher Education        | 14,269            | 0                 | 0   | 14,269      | 7.0%   | 8.7%   | 5,916                   | 7,850     |
| Liverpool Hope University College            | 14,547            | 128               | 0   | 14,675      | 2.4%   | 5.4%   | 4,864                   | 1,728     |
| University College Northampton               | 23,164            | 353               | 0   | 23,517      | 3.3%   | 6.3%   | 6,632                   | 2,781     |
| St Mary's College                            | 6,849             | 82                | 0   | 6,931       | 3.4%   | 5.6%   | 2,674                   | 915       |
| Southampton Institute                        | 29,681            | 131               | 0   | 29,812      | 3.0%   | 3.0%   | 8,252                   | 2,380     |
| University College Winchester                | 9,023             | 426               | 0   | 9,449       | 5.9%   | 7.7%   | 3,279                   | 2,472     |
| University College Worcester                 | 9,924             | 58                | 0   | 9,982       | 7.3%   | 7.9%   | 3,658                   | 4,334     |
| York St John College                         | 8,499             | 54                | 0   | 8,553       | 4.6%   | 5.3%   | 3,571                   | 1,192     |



|  | Figures in £000s  |                   |   | Total grant | Percentage<br>change<br>adjusted for<br>volume | Percentage<br>change in total<br>resource <sup>1</sup> from<br>2004-05 | Students <sup>2</sup>   |           |
|--|-------------------|-------------------|---|-------------|--|--|-------------------------|-----------|
|  | Teaching<br>grant | Research<br>grant | Moderation<br>of teaching<br>and research |             |  |  | Full-time &<br>sandwich | Part-time |
| Specialist institutions                                  |                   |                   |   |             |  |  |                         |           |
| Birmingham College of Food, Tourism and Creative Studies | 8,729             | 0                 | 0   | 8,729       | 11.0%  | 11.0%  | 2,395                   | 526       |
| Bishop Grosseteste College, Lincoln                      | 2,924             | 0                 | 0   | 2,924       | 4.6%   | 9.3%   | 1,119                   | 184       |
| Arts Institute at Bournemouth                            | 6,732             | 0                 | 0   | 6,732       | 3.0%   | 10.9%  | 1,274                   | 150       |
| Institute of Cancer Research                             | 428               | 12,591            | 0   | 13,019      | 15.3%  | 15.3%  | 136                     | 14        |
| Central School of Speech and Drama                       | 4,660             | 0                 | 0   | 4,660       | 11.5%  | 13.1%  | 703                     | 50        |
| Courtauld Institute of Art                               | 945               | 1,185             | 0   | 2,130       | 1.5%   | 1.5%   | 346                     | 27        |
| Cranfield University                                     | 11,218            | 5,486             | 0   | 16,704      | -1.5%  | -1.5%  | 1,784                   | 1,296     |
| Cumbria Institute of the Arts                            | 3,877             | 143               | 0   | 4,019       | 2.6%   | 4.5%   | 922                     | 61        |
| Conservatoire for Dance and Drama                        | 9,595             | 0                 | 0   | 9,595       | 2.2%   | 13.8%  | 831                     | 15        |
| Dartington College of Arts                               | 3,381             | 288               | 0   | 3,669       | 4.9%   | 15.4%  | 474                     | 77        |
| Institute of Education                                   | 4,552             | 7,583             | 0   | 12,135      | 8.5%   | 8.5%   | 1,520                   | 4,932     |
| University College Falmouth                              | 6,899             | 180               | 0   | 7,079       | 3.3%   | 6.4%   | 1,785                   | 108       |
| Harper Adams University College                          | 8,299             | 0                 | 0   | 8,299       | 3.2%   | 4.7%   | 1,331                   | 414       |
| Kent Institute of Art & Design                           | 7,875             | 244               | 0   | 8,120       | 3.9%   | 9.4%   | 1,942                   | 126       |
| University of the Arts London                            | 41,385            | 7,980             | 0   | 49,365      | 4.3%   | 5.2%   | 10,686                  | 1,501     |
| University of London                                     | 1,771             | 453               | 0   | 2,224       | -3.4%  | -3.4%  | 248                     | 99        |
| London Business School                                   | 726               | 4,230             | 0   | 4,956       | 19.4%  | 19.4%  | 828                     | 790       |
| London School of Economics and Political Science         | 8,750             | 16,292            | 0   | 25,042      | 9.4%   | 9.4%   | 7,231                   | 758       |
| London School of Hygiene & Tropical Medicine             | 3,253             | 6,782             | 0   | 10,035      | 3.7%   | 3.7%   | 663                     | 292       |
| Newman College of Higher Education                       | 3,588             | 0                 | 0   | 3,588       | 6.1%   | 16.1%  | 1,564                   | 823       |
| Norwich School of Art & Design                           | 4,854             | 149               | 0   | 5,003       | 5.2%   | 38.5%  | 744                     | 53        |
| School of Oriental and African Studies                   | 6,533             | 6,072             | 0   | 12,605      | 7.7%   | 7.7%   | 3,166                   | 397       |
| School of Pharmacy                                       | 3,939             | 2,723             | 0   | 6,662       | 5.3%   | 5.3%   | 853                     | 391       |
| Ravensbourne College of Design and Communication         | 6,102             | 0                 | 0   | 6,102       | 3.4%   | 3.7%   | 1,038                   | 39        |
| RCN Institute  | 868               | 0                 | 0   | 868         | -3.7%  | -3.7%  | 2                       | 977       |
| Rose Bruford College                                     | 3,511             | 0                 | 0   | 3,511       | 3.1%   | 7.9%   | 534                     | 230       |
| Royal Academy of Music                                   | 3,910             | 290               | 0   | 4,200       | 3.7%   | 3.7%   | 646                     | 0         |
| Royal Agricultural College                               | 3,187             | 0                 | 0   | 3,187       | 4.0%   | 6.0%   | 630                     | 28        |
| Royal College of Art                                     | 10,179            | 2,493             | 0   | 12,672      | 4.3%   | 4.3%   | 813                     | 52        |
| Royal College of Music                                   | 4,142             | 267               | 0   | 4,409       | 3.7%   | 3.7%   | 549                     | 22        |
| Royal Northern College of Music                          | 4,889             | 213               | 0   | 5,102       | 3.9%   | 3.9%   | 544                     | 26        |
| Royal Veterinary College                                 | 15,353            | 3,798             | 0   | 19,152      | 5.4%   | 15.6%  | 1,198                   | 166       |
| St George's Hospital Medical School                      | 15,462            | 3,675             | 0   | 19,138      | 4.2%   | 15.3%  | 1,848                   | 1,689     |
| College of St Mark & St John                             | 4,215             | 22                | 0   | 4,237       | 6.4%   | 6.4%   | 2,199                   | 2,277     |
| St Martin's College                                      | 9,549             | 127               | 0   | 9,676       | 3.5%   | 5.0%   | 5,007                   | 6,282     |
| The Surrey Institute of Art & Design, University College | 11,303            | 319               | 0   | 11,622      | 2.3%   | 2.6%   | 2,483                   | 136       |
| Trinity & All Saints                                     | 4,818             | 48                | 0   | 4,865       | 4.2%   | 4.2%   | 2,096                   | 229       |
| Trinity College of Music                                 | 6,391             | 0                 | 0   | 6,391       | 3.0%   | 3.0%   | 680                     | 87        |
| Wimbledon School of Art                                  | 2,657             | 736               | 0   | 3,393       | 2.7%   | 6.2%   | 540                     | 97        |
| Writtle College  | 5,041             | 0                 | 0   | 5,041       | 3.3%   | 3.3%   | 925                     | 136       |
| FE colleges funded by HEFCE                              | 148,319           | 0                 | 3,555                                     | 151,873     | 0.6%   | 4.7%   | 26,535                  | 25,676    |
| Total <sup>3</sup>                                       | 3,952,101         | 1,249,406         | 5,012                                     | 5,206,520   | 4.1%   | 5.6% <sup>4</sup>  | 1,091,828               | 624,265   |

<sup>1</sup> Resource = HEFCE grant plus an assumed income from tuition fees.

<sup>2</sup> Student numbers are headcounts, based on data supplied by institutions, and include all home, EC and overseas students. Full-time & sandwich includes sandwich year-out.

<sup>3</sup> These figures do not necessarily add up to the totals shown, due to rounding.

<sup>4</sup> Includes support for expansion of student numbers.



## HEFCE Board 2004-05

Board members are appointed by the Secretary of State for Education and Skills, normally for periods of two or three years. In turn, the Board appoints a Chief Executive to lead the organisation and to advise the Board; he serves as the HEFCE Accounting Officer. The Board has established audit, appointments and remuneration committees, plus a range of strategic committees to support its work. The Board appoints committee members in line with prevailing standards for public appointments. The audit and strategic committees reviewed their effectiveness during 2004-05. Information on each member and their interests are on the web at [www.hefce.ac.uk](http://www.hefce.ac.uk) under About us.



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## Complaints against HEFCE

The Board's complaints panel determined one complaint against the Council during 2004-05. The panel includes independent members. The procedure for making complaints is on the web, [www.hefce.ac.uk](http://www.hefce.ac.uk) under About us/Complaints.



# HEFCE strategic and standing committees 2004-05

\* Committee members who are also HEFCE Board members are marked with an asterisk.

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### HEFCE on the web

Our web-site, [www.hefce.ac.uk](http://www.hefce.ac.uk), provides more detailed information about all aspects of our work, links to a wide range of partner bodies, and downloadable versions of our publications.

## Definitions

**Core funding** HEFCE funds provided to an institution for teaching, research and related activities. Core funding is allocated by formula. Institutions can spend it according to their own priorities, within our broad guidelines.

**Special funding** HEFCE funds provided for a fixed period and specified purpose. They may be distributed by formula or in response to competitive bids.

**Further education** Education provided outside secondary schools for people over 16. Courses are generally up to the standard of A-levels or NVQ Level 3.

**Higher education** Courses generally above the standard of A-levels or NVQ Level 3, such as degrees and Higher National Diplomas and Certificates.

**Higher education institution** University or college of higher education.

## Key HEFCE publications

- Borrowing in the higher education sector: 2004 update (HEFCE 2004/44)
- Equal opportunities and diversity for staff in higher education (HEFCE 2005/19)
- Estate management statistics: annual report 2004 (HEFCE 2004/45)
- Funding higher education in England: how HEFCE allocates its funds (HEFCE 2004/23)
- Guide for members of higher education governing bodies in the UK (HEFCE 2004/40)
- HEACF case studies of good practice (HEFCE 2005/18)
- HEFCE strategic plan 2003-08 – revised April 2005 (HEFCE 2005/16)

- HEFCE strategy for e-learning (HEFCE 2005/12)
- Higher education in the UK (HEFCE 2005/10)
- Higher education-business and community interaction survey (HEFCE 2005/07)
- Recurrent grants for 2005-06 (HEFCE 2005/13)
- Regional profiles of higher education 2004 (HEFCE 2004/48)
- Risk management in higher education: a guide to good practice (HEFCE 2005/11)
- Sustainable development in higher education: consultation (HEFCE 2005/01)
- Young participation in higher education (HEFCE 2005/03)

## Research Assessment Exercise 2008

All RAE publications are on the web at [www.rae.ac.uk](http://www.rae.ac.uk)

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